The Future of Empire Trade

by

J. E. RAY

with a

FOREWORD BY

THE RT HON.

L. S. AMERY

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THE FUTURE OF EMPIRE TRADE

BY

J. E. RAY

EX-CANADIAN GOVERNMENT TRADE COMMISSIONER

WITH A FOREWORD BY

THE RIGHT HON. L. S. AMERY, M.P.

LONDON
SIR ISAAC PITMAN & SONS, LTD.
PARKER STREET, KINGSWAY, W.C.2
BATH, MELBOURNE, TORONTO, NEW YORK
1930

LC31-009406

ACKNOWLEDGMENTS

THE author wishes to acknowledge his indebtedness, for certain statistics, to the *London Chamber of Commerce Journal*, and also desires to thank the following officials for the loan of year books of their respective countries: High Commissioners of Australia, New Zealand, South Africa; and Mr. Harrison Watson, Chief Canadian Government Trade Commissioner, London.

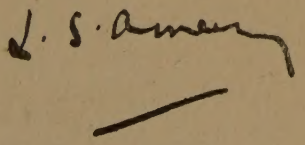
MADE AND PRINTED IN GREAT BRITAIN BY PURNELL AND SONS
PAULTON (SOMERSET) AND LONDON

FOREWORD

BY

THE RIGHT HON. L. S. AMERY, M.P.

It is a satisfactory sign of the growth of interest in the problem of Imperial Economic Unity that a large literature on the subject should be springing up so rapidly. As Mr. Ray very truly says, "There is no bigger business problem challenging the British people than the organisation and conduct of inter-Empire trade on a sound and sane basis." Towards the understanding of that problem he has made a contribution, unassuming, indeed, in bulk, and unpretentious in manner, which is, nevertheless, one of real value. For in the brief compass of this little book he has not only shrewdly analysed the general economic situation, past, present and prospective, in the Empire, but he has also furnished the reader with a sufficiency of material bearing on the resources and productive capacity of the various territories of the Empire, and on the trend of Empire trade, to give weight to his argument. Both as a statement of the case for Empire co-operation, and as a handy work of reference on the subject, I can heartily recommend Mr. Ray's book to the general reader.



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THE FUTURE OF EMPIRE TRADE

CHAPTER I

A SURVEY OF BRITISH INDUSTRY AND TRADE

If there is one thing more startling in the industrial and commercial life of Great Britain than the long scroll of the unemployed it is the lengthening catalogue of manufacturers and exporters who are seriously alarmed at the prolonged trade depression and the absence of any sign of immediate or prospective appreciable improvement. Everywhere the question is being asked: "What is really wrong with British trade?" Explanations are numerous, diverse and, in the main, unsatisfactory and unconvincing.

To be compelled to maintain more than one million persons unemployed during so long a period as eight years would be a serious matter for any country, but for a nation that once stood supreme among the world's industrial and commercial peoples to be in such a condition is both serious and tragic. The tragedy is threefold. In the first place there is the deterioration of skill resulting from protracted unemployment and the prospective dearth of skilled men in the coming years due to the inability of industry to absorb an adequate number of apprentices; secondly, there is the demoralizing effect of continuous unemployment; thirdly, there is the heavy financial burden borne by the productive members of the community in order to maintain those that are

unproductive. It is not surprising that the gravity of the situation is becoming daily more oppressive in industrial and commercial circles. Optimism is strained to the breaking-point. The innate trait of faith in the nation's ability to "muddle through" is being sorely tried by a problem only second in magnitude to the task of "winning through" in the great war. Of one thing we can be quite certain—we shall never " muddle through." Not by faith without works will our difficulties be overcome, but by faith with works.

Can British industrial and commercial supremacy be restored? That is a formidable question. Much remains to be done if an answer in the affirmative is to be furnished.

In order that we may see clearly where Great Britain stands to-day in relation to world trade, and especially to that part of it connected with her overseas Empire, a brief retrospective survey of her industry and commerce should be informative. It will help us to see more clearly why she stands in her present position.

It is recognized by all students of British industrial and commercial history that as recently as mid-Victorian days Great Britain was the workshop of the world, and that the supremacy of her foreign trade was practically unassailable. Such competition as existed was more pronounced in her home market than in her markets overseas. Just as she was the world's supreme colonizer, so was she the world's supreme supplier of manufactured goods. Almost alone in the field of invention, she was marvellously strengthened by mechanical devices. Her paramount position in industry and commerce was not without its perils. It bred in the British mind an arrogance, a cocksureness and a conservatism which constituted a stumbling-block in several directions. Pride in the achievements of yesterday is no guarantee to a pugilist that he can successfully defend himself against the skill of his new opponent of to-day or to-morrow. Cocksureness is always susceptible to defeat,

and conservatism is often trodden under the feet of progress marching forward in strength and confidence towards a new and better day.

By taking a retrospective survey of Great Britain's industrial and commercial supremacy of sixty years ago, and the foundation upon which it was built, we shall be able to observe the forces that assailed that supremacy and, at the same time, to note the vulnerable parts that exposed themselves to attack.

In the first place, it is impossible to attribute to any specific cause the greatness of British industry and trade. It is the outcome of inherent qualities, accidental influences, and gifts of nature. Much of the people's greatness was born in them, much has been achieved by them, and much has been thrust upon them. No one will deny that the British have been endowed with the rare gift of inventiveness, that they have accomplished wonderful things by sheer doggedness, and that wealth has been flung into their laps by the gods of circumstance.

As if conscious of the type of people that would inhabit Great Britain, nature was lavish with her gifts. By surrounding the country with water she gave the inhabitants an inestimable asset—a natural bulwark against the attacks of enemies; an abundance of raw materials indispensable to a nation desirous of becoming a first-rate industrial power; and an ideal geographical position for the development of industry and the transaction of trade with two hemispheres. Further, the climate of the country is so equable that work can be carried on continuously, whilst the humidity of the atmosphere has given birth to, and sustained, a great cotton industry which is the envy of many peoples less favoured climatically.

If we trace the rise of Great Britain's industry and commerce to its source, we find that the English were great traders long before they became great manufacturers. Indeed, it is not an exaggeration to state that

British industrial supremacy was the work of less than three centuries. Continental peoples were supreme in the manufacturing arts and in merchanting long before the Elizabethans entered into serious competition with them. As Cunningham wrote: "In the fourteenth century the whole of the external and much of the internal trade of the country had been in the hands of foreigners; in the fifteenth our merchants began to push their way from point to point in the Mediterranean and the Baltic; in the sixteenth they followed slowly in the wake of other adventurers, or tried to establish themselves in unkindly regions which had attracted no one else. When Elizabeth ascended the throne, England appears to have been behind other nations of Western Europe in the very industrial arts and commercial enterprise on which her present reputation is chiefly based."

As history relates, Elizabeth was prevailed upon to inaugurate a vigorous policy designed to strengthen her realm commercially as well as politically. The "Mercantile System" was established, its main objects being the acquisition of shipping and the encouragement of home industries. Navigation Acts, designed to promote shipping, were passed; Corn Laws were enacted for the purpose of promoting and protecting the agricultural industry; special measures were taken to prevent unnecessary imports of foreign goods, and to encourage home manufactures and their exportation.

In the early years of the seventeenth century the memorable Merchant Companies, some of which were founded in the reign of Elizabeth, began to trade extensively with the Levant. By 1621 England did a more profitable trade with Turkey than did any other nation in Europe. Among the exports were broadcloth, tin, hides, etc., the return cargoes being composed of silk, cotton, jewels, dried fruits, and other products. The celebrated East India Company also carried comparatively large quantities of bullion, iron, tin, broadcloth,

cutlery, glass and other products to India, and brought back valuable cargoes of spices, calicoes, pepper and various other Indian manufactures and products. Other large Merchant Companies traded with Russia, the Netherlands, France, Spain and Portugal.

During the seventeenth century British industry grew in magnitude and importance. Foreigners had been encouraged to settle in various parts of England in the preceding century, and English workmen had learned from them the art of weaving. In 1685 nearly 50,000 Huguenots came over to England bringing with them capital and skill. They added more than wealth to the country; they augmented its industrial capacity, and taught Englishmen the arts of making glass, paper, hats and silk weaving on a larger scale and more efficiently than had been the practice up to that time.

Industry and commerce continued to advance throughout the eighteenth century, but the details in regard to their character need not be quoted here. We may note, however, the passing of certain industrial conditions. About 1750 birth was given to what is generally known as the Industrial Revolution. Prior to that time machinery had been utilized only to a limited extent, and the idea of steam power, of course, was still simmering in the brain of James Watt, the genius who was destined to bring it to the service of man. All manufacturing was done in, or near, the homes of the workmen by parents, children and apprentices. This method of production was known as the "Domestic System."

In 1769 James Watt sounded the death-knell of the domestic system and heralded the advent of a new era by patenting his steam engine. During the last thirty years of the eighteenth century other inventions saw the light. Hargreaves patented his "spinning-jenny," Crompton invented the "mule," and Cartwright introduced his "power loom." These inventions gave a remarkable impetus to British industry and commerce, so that Great Britain soon became the leading industrial

and commercial nation of the world. In a decade, from 1782 to 1792, the country's foreign trade nearly doubled itself, the imports rising in value from £10,341,628 to £19,659,358, and exports from £13,009,458 to £24,905,200.

The opening of the nineteenth century witnessed a wonderful increase of British trade with foreign countries, while trade with the colonies began to increase also, although the growth was not rapid until after the year 1820.

With the revolution in methods of production there came a revolution in methods of transportation. Steam-engines and steamships facilitated the movement of commodities to and from various parts of the country, and speeded up trans-oceanic commerce. Steam was more and more utilized in the manufacture of goods hitherto made by hand or hand-machines, so that the output of the country was augmented year by year. Thus, through the introduction of machinery and steam-power, birth was given to our present industrial system.

This brief survey of Great Britain's industrial and commercial evolution is outlined in order that we may obtain a clearer idea of the entrance of foreign rivals into competition with us for the markets of the world. The evolution and extent of that competition need not be dealt with exhaustively, as they are fairly well known by the leading manufacturers and exporters of Great Britain.

Prior to the American Civil and the Franco-Prussian wars, neither the Americans nor the Germans were serious rivals of the British in world-trade; but almost immediately after the termination of those conflicts they began to develop their industries on an increasingly large scale. Primarily their intention was to supply their respective peoples (especially in the case of the United States) with commodities hitherto imported; whilst their ultimate goal was the acquisition of an export trade which should not be inferior in magnitude to that of the United Kingdom. Each country, of course, had been previously exporting commodities peculiar to its natural production, but in no

way were they seriously competitive with the manufactures of Great Britain either in her home market or in her markets overseas.

The success that attended the industrial efforts of those two countries is familiar to all of us. Not only did each decade, from 1870 to the outbreak of the European war, witness the influx of their manufactures into foreign countries which had previously relied almost exclusively upon Great Britain for supplies, but it also saw an unprotected British market flooded with commodities so cheaply priced that the demand for similar manufactures produced in our own factories declined in consequence. This apparent anomaly is worthy of close scrutiny by those economists who contend that "free-trade" was pursued in Great Britain because it enabled our manufacturers to produce at a lower price than would have been possible under a protective tariff.

More recently than the trans-Atlantic and Continental invasions there came the Japanese industrial expansion, the influence of which has been keenly felt in our home market, and in our markets overseas, especially in the Dominions, the Colonies, and the Far East. For well-known reasons the Japanese invasion has been checked slightly in several directions during the past seven or eight years, but some of their manufactures are formidably competitive in a number of markets contiguous to Japan. With improving methods of production and closer attention to the finish of their products, there is every likelihood of Japanese manufacturers gaining a stronger position in the markets of the Far East.

The arrest of production in France, Belgium, Austria, Czecho-Slovakia and Italy in the years succeeding the war obviously curtailed their export trade. During the past five or six years, however, there has been a steady increase of production in some of these countries, and a large increase in others. He would be an optimist indeed who foresaw no serious competition with these countries in the world's markets during the next ten years. On the

contrary, it is probable that the competition will assume a keenness far more pronounced than it was throughout the decade which preceded the European war. All the countries enumerated were impoverished by the upheaval, and as the only means of enrichment are production and export trade we may be sure that they will spare no effort to develop them. Even if it be conceded that, in the natural order of things, the world's consumption will increase, it is quite obvious that any market or part of a market captured by our competitors will be lost to us.

The most remarkable change, however, in post-war as compared with pre-war conditions took place in Great Britain. It was connected with our industrial life, and was bound to be reflected in our export trade, although during the transformation few, if any, halted to consider its ultimate effect. That change was the elevation of wages to a point far higher than that of Great Britain's competitors, with the probable exception of the United States. Then came the enormously increased burden of taxation, the slump in trade, strikes, and the depression that is still with us, subjects which will be referred to again in another chapter.

CHAPTER II

GREAT BRITAIN AND HER DOMINIONS

A QUARTER of a century has passed since Joseph Chamberlain sounded his trumpet call "Think Imperially." The call was heard, yet heeded but in part. It was translated into a political war-whoop, and there ensued, between the "Little Englanders" and the "Imperialists," a long and bitter battle. Perhaps the sound of the trumpet was too startling and too shrill for a people whose ears had not been trained to catch sounds beyond the roar of the seas that encircle their little isle. The minds of the great majority were directed and controlled by the exclusive interests of the domestic circle, and the minority, as is invariably the case, were compelled to submit to the larger force. The nation's industrial and commercial success during the Victorian age had lulled the people to the sleep of self-complacency. To the factories and marts of England had the world for generations come, and where was the nation industrially strong enough to challenge them? Under its existing fiscal policy the country had been remarkably successful; therefore, why change it? Only to a few thinkers did it occur that the nation's success might have been attributable as much to the paucity of external competition as to its fiscal policy. Be that as it may, there followed between the free-traders and the fiscal reformers a battle that has continued, save for periodic lulls, down to the present day.

Prior to the call of Chamberlain, the unification of the Empire and its political and commercial consolidation had never been presented to the mind and imagination of the British people at home. The peoples of the

Dominions were ahead of them in that respect. The expansion of Great Britain into a Greater Britain was a new idea, and never have the English readily absorbed new ideas. On the contrary their history teems with examples of the rejection of innovations in their incipient stages.

Until the dawn of the twentieth century the State confined its activities mainly to the government of the people. Perhaps the only exceptions were associated with territorial acquisitions. Even in regard to those, little or no effort was made to develop by the implements of peace the lands that had been acquired by the implements of war. The economists of the eighteenth and nineteenth centuries maintained that all development, agricultural, industrial and commercial, should be relegated to private enterprise with the State as a spectator rather than as a performer in the arena. It was not considered to be part of a Government's duties either to encourage or to aid by practical means the development of the nation's overseas territories.

Regarding the attitude that a State or a Government should adopt in these matters there will doubtless always be differences of opinion. But if in the best interests of a people it be conceded that Governments should not trade in the products of the earth, it must surely be admitted that it is their duty to till the soil and prepare it for the seeds of private enterprise in due course. Or, if they may not sell the products of the factories, surely it should be their duty to protect those products from the assaults of rival producers. If it be expedient to protect the citizens of a State, it cannot be inexpedient to protect the means by which they live.

What was the attitude of Great Britain towards her Dominions, Colonies and Possessions up to the year in which Joseph Chamberlain advocated the forging of stronger economic hoops wherewith to bind the units of the Empire ? It must be admitted that it was largely an attitude of indifference. So long as the colonies were

willing to receive our surplus population, and to send their buyers to our markets periodically, there was no cause of complaint, and no need of change. If our own agricultural areas were being depleted of their man-power, with no hand to distribute the men to the best advantage of the Empire, it did not matter so long as from the factory stacks the smoke ascended daily.

This attitude of indifference was merely an extension of the views held by the pundits of theoretical economics in the eighteenth and early nineteenth centuries, and by the politicians of the Cobden circle. The latter contended that our finances would be infinitely healthier if they were protected from the baneful air of the colonies. Investments in foreign countries were preferable even though the despatch of a warship should be occasionally necessary to bring back the fruits thereof. Sever the family ties, and let the children fend for themselves. It would be wiser and undoubtedly more profitable, they maintained, to concentrate upon trade with foreign countries.

In 1835 Cobden wrote: "We believe that no candid investigator of our colonial policy will draw the conclusion that we have derived, or shall derive, from it advantages that can compensate for our formidable sacrifices. If we no longer offer the exclusive privileges of our market to the West Indians, we shall cease, as a matter of justice and necessity, to compel them to purchase exclusively from us. They will be at liberty, in short, to buy wherever they can buy goods cheapest, and to sell in the dearest market. They must be placed in the very same predicament as if they were not a part of His Majesty's dominions."

Whatever immediate justification existed for the adoption of that attitude towards colonial affairs, it was certainly shortsighted. It lacked imagination and vision. In the mind of its author there was no rule wherewith to measure the shadow which is cast before coming events. To us of the twentieth century it is incomprehensible that

the great men of a century ago should have failed to foresee the future political and economic value to Great Britain of her vast possessions overseas. There were exceptions among those men, as we shall observe, but unfortunately their vision was veiled by the exigencies of party politics at home.

Such a pronouncement, emanating from so influential a public man as Cobden, could not fail to impress the people of the British Isles, to disseminate amongst them an indifference to colonial expansion and imperial unity, and even to persuade them that dismemberment of the Empire would be preferable to its consolidation. As already stated, however, not all thinkers were in sympathy with Cobden's views. It seemed at one time that the advocates of a continuance of colonial preferences might succeed against the free-traders. Sir Robert Peel said in the House of Commons: "If you look properly at the relations between yourselves and the colonies, you must consider your colonies entitled to be put on a different footing from foreign countries, and that it is perfectly fair to give to articles of colonial production a preference in your markets over articles the produce of foreign countries. I am disposed to think even that you ought to carry the principle of assimilation, if you can, so far as to consider the colonies an integral part of the Empire for all commercial purposes."

Peel's sudden and unexpected *volte-face* threw a curtain over the question of colonial preferences, and it was not until sixty years afterwards that it was drawn aside by Joseph Chamberlain in order to expose the whole subject for re-inspection.

Ad interim many important changes and significant developments had taken place in the larger Dominions. They had begun to manufacture on an annually increasing scale numerous articles hitherto purchased from Great Britain. Moreover, they had ventured to conclude reciprocal trade agreements with foreign countries that were Great Britain's competitors in their markets, and

to follow the admonition of Cobden "to buy wherever they can buy goods cheapest, and to sell in the dearest market." The experiments in manufacturing were remarkably successful; so successful that British manufacturers were becoming alarmed. They were also alarmed at the growth of the Dominions' imports of manufactured goods from alien sources, such as the United States, Germany, Austria-Hungary, Belgium and France. It was obvious that every article manufactured in the Dominions, or imported from foreign countries, would mean a corresponding decline of purchases from Great Britain. British manufacturers thought that countries like Canada, Australia and New Zealand, in which agricultural pursuits were dominant, would direct their energies to agriculture almost exclusively, and that such implements as were needed for its prosecution would be purchased from the Mother Country as a sort of reciprocity for her purchases of their products of the soil. No one believed that Canada, for example, would so soon manufacture not only millions of dollars' worth of goods for home consumption, but also enormous quantities for exportation to markets from which she had previously imported similar commodities.

In contrast with the *laissez-faire* of Great Britain, from whom a lead in such matters should have been forthcoming, the practical activities of several of the Dominions in regard to inter-Imperial trade are worthy of the highest commendation. In 1897 Canada extended preferential treatment to a long schedule of commodities, not only to the United Kingdom, but to British India and New South Wales. Later the benefits were conceded to several British colonies, whilst a special preferential treaty was framed between Canada and a number of the islands of the West Indies, which gave an impetus to production in the latter countries, and increased their purchases from the Dominion. In 1903 both New Zealand and South Africa granted preferences

to certain United Kingdom manufactures, and five years later Australia followed their example.

In addition to those preferences to the United Kingdom several of the Dominions extended the system to one another. Canada had already set an example by her treaty with the West Indies. She was followed by Australia and New Zealand, their respective Governments resolving in 1906 to grant preferences to South Africa.

As it was apparent to Great Britain that her Dominions were resolved to arrange reciprocal trade treaties among themselves, and also with such foreign countries as were disposed to offer tariff concessions in return, many of our leading business men began to weigh and to consider the arguments for and against adherence to the principle of free-trade. If the resources of the Dominions were so extensive and so full of promise when developed; if their populations were destined to increase in vast numbers, and so constitute valuable markets; and if the respective Governments were determined to conclude trade treaties even with Great Britain's commercial rivals, the question arose as to where British manufacturers and merchants would ultimately stand. But so firmly was Cobdenism rooted in the minds of the British people that at least two attempts to change the existing fiscal policy have proved disastrous failures. The whole question of inter-Imperial trade based upon a system of preferential tariffs had to await, and still must await, a change in the mental attitude of our people towards it.

If matters moved slowly on the political side, and even to-day show no sign of advance, useful work has been undertaken in other directions, all tending towards a solution of the problems connected with the economic life of the Empire. Valuable investigations were conducted from 1912 to 1916 by the Dominions Royal Commission, and practical proposals resulted therefrom. Unfortunately the labours of the Commission were confined to the five self-governing Dominions, India

and smaller, but rich, parts of the Empire being inhibited from their programme. The Commission was the outcome of a resolution of the Imperial Conference held in 1911 recommending an immediate inquiry into the natural resources of the said Dominions; to suggest methods of developing those resources; to ascertain the extent of their trade with the Mother Country, with one another, and with foreign countries; to collect data regarding their needs and those of the United Kingdom in respect of food and raw materials, and existing and prospective sources of supplies. Power was assigned to the Commission to present recommendations, and to suggest some means of developing and extending trade between the respective Dominions, and between the latter and the United Kingdom, such suggestions and recommendations to be in harmony with the existing fiscal policy of each country concerned.

The Commission discovered what was apparent to all men who had previously given the matter any consideration, namely, the absence of co-ordinated effort, and the piece-meal character of the attempts which had hitherto been made to deal with such vital subjects as mail services, cable communications, the development of harbours, the nature, extent and location of raw materials, commercial legislation, industrial and trade statistics, etc. To investigate those matters and to make practical proposals for the development of the Empire's resources and the promotion of inter-Imperial trade, the Commission suggested the establishment of an Imperial Development Board. Up to the present time, however, such a body has not been brought into existence, the nearest approach to it being the Imperial Economic Committee, out of which sprang the Empire Marketing Board. To the work of the latter organization a brief reference may here be made.

So far, the Imperial Economic Committee has had to operate within the limits of its "Terms of Reference" which are: "To consider the possibility of improving the methods

of preparing for market and marketing within the United Kingdom the food products of the Overseas parts of the Empire, with a view to increasing the consumption of such products in the United Kingdom in preference to imports from foreign countries, and to promote the interests of both producers and consumers."

Through the Empire Marketing Board the Committee has been able to do much commendable work within the foregoing terms, and there can be no doubt that the activities of the Board will increase in importance and value to the whole Empire. Its publicity and educational propaganda are exceptionally praiseworthy, whilst its researches, scientific investigations, suggestions for improved marketing methods, inquiries into wastage of foods in transit, the causes of diseases and the means of eliminating them are all advancing in the right direction. The staff is a thoroughly competent one, each having been chosen on account of his specialized knowledge of the particular branch of the Board's work assigned to him.

If the writer may be permitted to offer a suggestion in regard to the work of the Empire Marketing Board, and also the work of all Government Departments at home and in the Dominions, it is that an effort should be made to eliminate duplication and over-lapping by co-ordinating, as far as practicable, the activities of all Departments concerned. It is obvious that if Government Departments engaged in the collection and dissemination of commercial information are to be of service to Imperial trade they must maintain close contact with business men. The closer it is, the better will the result be. The business men of Great Britain are invariably willing to assist Government Departments in their investigations, and if that good-will is to endure it must not be abused. During recent years there has been a tendency to multiply official investigators at home and in the Dominions, in the latter more especially, and their investigations are often identical in character. Although the Dominions maintain residential officials in Great Britain

whose duty it is to keep their respective countries informed on all matters relating to the import trade of this country, its marketing requirements, business methods, etc., it frequently happens that "specialists" are commissioned to visit the British market to collect data which should already be, and probably is, on file at the capital of their respective Dominions. Reference is here made, of course, more especially to the "specialists" sent to investigate on behalf of individual States and Provinces.

It will be readily understood that if a business man is called upon by a dozen or more officials from the Dominions, all inquiring about the demand for and the quality of specific commodities, he will naturally be inclined to resent the demands upon his time however sympathetic he may feel towards the advancement of Imperial trade. This kind of duplication and over-lapping should be minimized or expunged by the adoption of a system which would enable such information to be drawn from a single source.

Many associations are operating on similar lines independently. In the interests of economy and efficiency an Imperial bureau should be established, staffed by representatives from the various parts of the Empire, to undertake, among other things, the work at present done by a multitude of Government Departments within the Empire, and by various public, semi-public, and private agencies.

CHAPTER III

RESOURCES OF THE EMPIRE

(1) FOODSTUFFS.

In the report referred to in a previous chapter the Dominions Royal Commission stated: "We have found that in one part or other of these (self-governing) Dominions all animals and almost every crop flourish that are needed for the sustenance and use of man, and we believe, especially if products of the more tropical parts of the Empire which were not included in our investigation are taken into account, that the Empire could meet not only its own needs but those of friendly neighbouring countries." So much for the magnitude of our resources. In regard to the necessity for reserving and developing them in the interests of the whole Empire, the Commission were no less emphatic. "In our opinion," they said, "it is vital that the Empire should, so far as possible, be placed in a position which would enable it to resist any pressure which a foreign Power or group of Powers could exercise in time of peace or during war by virtue of a control of raw materials and commodities essential for the safety and well-being of the Empire, and it is towards the attainment of this object that co-ordinated effort should be directed."

That the natural resources of the Empire are enormous in extent and almost infinite in variety is common knowledge; that upon their development depend the future prosperity of the units of the British Commonwealth and the existence of the Empire as a whole, all students of the subject are agreed; but as regards the best methods of developing the resources there is neither common know-

ledge nor agreement. None will deny that the problem of development is as complex as it is urgent, nor will anyone be so bold as to suggest that a solution of it is other than difficult to find. It presents a challenge to the genius of the British race, and the challenge must be taken up without further delay unless we are content to witness the gradual absorption by foreign countries of the most valuable resources of our Dominions, especially those of Canada, where the invasion of the United States continues unchecked by any corresponding movement on the part of Great Britain. At the present time the United States holds investments in Canada exceeding £700,000,000, a large proportion of which amount is connected with raw materials and manufacturing industries. The appalling state of affairs at the outbreak of the European war, when it was discovered that Germany held a monopoly of valuable raw materials in our Dominions, must never recur. The Empire was then taught a lesson. Let us hope that the tuition will be permanently effective.

The nearest approach to a solution of the problem sprang from the Imperial Economic Conference of 1920, the labours of which body are recorded in print for the benefit of all who are interested in the development of the Empire's resources and trade. It was evident to the Conference, however, that its resolutions could be carried out only in part on account of the existence of obstacles constitutional in nature, the most formidable of which was connected with tariffs. Tariff resolutions could not be put into effect, of course, until any proposed impositions or changes had been submitted to, and approved by, the respective Governments, Parliaments and peoples represented at the Conference. In the meantime, the peoples of Great Britain, the Dominions and Colonies are presented with opportunities to study the question of Empire inter-trading and methods of developing it through a number of agencies organized to conduct educational propaganda.

To enumerate all the foodstuffs of the Empire would be a big undertaking; consequently only the chief products will be referred to, and they must be dealt with succinctly. Students who seek an exhaustive treatment of the subject should consult *The Resources of the Empire*, by Evans Lewin.

Food products stand foremost, inasmuch as Great Britain imports the bulk of her food requirements. It is essential that the development of agriculture and its allied industries should advance to a degree commensurate with the needs of the whole Empire, so that in the event of war with foreign countries from which we now draw supplies, we may be self-supporting. Even in times of peace it is a sane policy to trade amongst ourselves in foodstuffs, more so than in any other products.

WHEAT. Wheat is the predominant agricultural product in the menu of civilized people. Year by year the consumption of it increases, and in view of the tendency of men to abandon agricultural for industrial pursuits, the probability is, not that consumption will decline in the coming years, but that production may fail to keep pace with it. Therefore the expansion of wheat production within the Empire is of the utmost importance. It is highly improbable that the foreign sources from which Great Britain draws a large proportion of her requirements will be able to guarantee continuous supplies of the present magnitude, for the reason that the home demand of at least two of those sources—Argentina and the United States—is increasing, and must continue to increase yearly as their populations grow, and as consumption in their contiguous markets is augmented. Moreover, the tendency of the three great Empire sources, India, Canada and Australia, is to consume more and more of their own wheat at home. Indeed, Asia and Africa are so surely tending to consume more wheaten flour that, on account of their geographical position, they will obviously draw their increasing requirements from the Indian and Australian wheatfields, thus leaving smaller quantities

upon which Great Britain can draw unless the wheat acreages of those two sources are considerably enlarged.

As Great Britain does not produce one-third of its requirements (the annual consumption is approximately 245,000,000 bushels), and as home production under the depressed state of agriculture is hardly likely to increase, it will be seen how much more dependent upon external supplies our people must become. If, as already stated, we may anticipate a diminution of quantities which will be at our disposal in Argentina, the United States and India, and there is no near prospect of Russian exports reaching their pre-war magnitude of 145,000,000 bushels, it is apparent that production in Australia and Canada should be extended in the interest of the Mother Country as much as in the interests of those two Dominions.

Increased production in both countries is interwoven with the question of increased population. However extensive may be their respective lands suitable for wheat-growing, there can be no cultivation without labour. As that aspect of the question is dealt with in a separate chapter, nothing need be written at this juncture. Fortunately there are vast areas of land available for wheat-growing. In Canada alone not more than 25,000,000 acres are under wheat at the present time. That an equal number of acres could be put under the plough is a conservative estimate, especially if it be borne in mind that in the Prairie Provinces there are over 400,000,000 acres of land, a considerable proportion of which is suitable for wheat cultivation.

The following statistics illustrate our imports of wheat from Canada in 1928, and also those from all other sources.

	Cwt.
Canada	41,005,492
Australia	10,233,345
British East Indies . . .	1,548,412
Total British Empire .	52,787,249

	Cwt.
Brought forward—British Empire	52,787,249
United States . . .	23,662,487
Argentina	24,399,294
Other Countries . . .	2,729,350
Total Foreign . .	50,791,131
Total . . .	103,578,380

We therefore imported from Empire countries approximately 2,000,000 cwt. more than we drew from foreign sources; but in 1927 we imported 6,000,000 cwt. more from foreign countries than from the various parts of the Empire, which clearly indicates our dependence upon alien wheat, and the consequent necessity for extended development of production within the Empire.

Statistics relating to our imports of wheatmeal and flour in 1928 show that of the 8,926,941 cwt. brought into the country, approximately 5,860,000 cwt. came from Empire countries, mainly Canada.

Although the average wheat production of Australia is less than half of the production of Canada, the country has enormous possibilities, and if the requisite population be forthcoming, combined with satisfactory prices, the production can be more than doubled within the next ten years. The present average production is about 150,000,000 bushels, which is twice as large as it was twenty years ago. It is estimated that the four principal wheat-growing States contain acreages large enough to increase their production six-fold. Whether this will be done or not depends upon the supply of labour and the general economic tendencies of the future. If only a tenth of the land capable of producing wheat be brought under cultivation it should not be difficult for Australia, in the near future, to displace Argentina as the third most important source of Great Britain's wheat supplies.

The other three wheat-growing countries of the Empire are of little importance at the moment so far as our

sources of supply are concerned. Their production is on a scale sufficiently large to influence prices of wheat in the world's markets, inasmuch as New Zealand and South Africa are almost capable of supplying their own domestic needs, whilst India is not only in a position to satisfy its home requirements, but invariably has a surplus of a few million hundredweights for export.

BARLEY. Although Canada is yearly increasing its production of barley, the United Kingdom continues to draw the bulk of its supplies from the United States. There is no indication that the whole of our needs will, in the near future, be met by home production, which at present contributes little more than 50 per cent. to our annual consumption. Consequently, there is further scope for development of production in Canada, India and Australia.

In 1928 the imports of the United Kingdom were approximately 13,000,000 cwt., over one-third of which came from the United States, against one-sixth from countries within the Empire. Extension of acreages under barley is possible in India and Australia, but apparently we must continue for many years to rely upon Canada for any appreciable increase of our imports from an Empire source.

OATS. About 75 per cent. of our annual consumption of oats is produced in parts of the British Isles. In 1927 we relied upon Argentina for more than one-third of our imports, but in 1928 there was a very decided increase of Canadian supplies, and a corresponding decline of imports from Argentina. Canada's production in 1928 was 452,000,000 bushels, the average yield per acre being 34·4 bushels. Of that quantity 1,679,000 cwt. were contributed to our total imports of 7,449,406 cwt.

Oats are grown successfully in Australia and New Zealand, but neither country is yet exporting to any extent. Under extended cultivation in those countries, in Canada, the Irish Free State, and at home, it is anticipated that we shall be independent of foreign supplies in less than ten years. Unfortunately the yield per acre in

Australia and New Zealand is very much lower than that in the United Kingdom and Canada, and it is doubtful whether it can be much improved, on account of their drier climate. Oats thrive best in damp and cool countries.

MAIZE. As the United Kingdom's imports of maize in 1928 exceeded 33,000,000 cwt., valued at nearly £15,000,000, an extension of production within the Empire could not fail to be distinctly advantageous. Until recent years practically the whole of our imports came from foreign countries, mainly Argentina. In 1928, however, the Union of South Africa sent us 4,170,981 cwt. While the principal productive areas continue to be in the Transvaal and Orange Free State, there is reason to believe that Rhodesia, if the railway rates could be reduced, would be able to put immense areas under maize; but the handicap of haulage costs must first be overcome.

From the Kenya Colony annually increasing supplies may be expected, as the cost of production is lower than in the United States and Argentina. At present the industry is capable of exporting nearly 2,000,000 cwt. a year.

RICE. The consumption of rice in the United Kingdom is not large. Imports in 1928 were only 2,559,059 cwt. The development of production in various parts of the Empire is imperative for reasons other than the demand for rice in Great Britain. We must remember that it is the staple food, not only of the natives of India and the larger dependencies, but also of the numerous Asiatic peoples in many of our colonies. Even a partial failure of the rice crop is attended by suffering on the part of thousands of the Empire's citizens.

As is well known, India is the largest producer of rice in the world. The estimated yield in the 1928–29 season exceeded 31,000,000 tons, less than 10 per cent. of which was available for export on account of the enormous domestic consumption. In the 1927–28 season, however,

the exports of rice and rice flour amounted to 1,793,661 tons.

In British Malaya rice cultivation is on a scale large enough to meet the big internal consumption, and to leave a surplus of about 300,000 tons a year for export.

Attempts are being made to increase production in Australia, Fiji, Kenya Colony and Uganda, and it is expected that in due course quite large quantities will be forthcoming from regions in West Africa.

Rapid progress is being made in British Guiana, the exports in 1928 being 40,506,252 lb. compared with 25,752,301 lb. in the previous year. Development will continue in view of the country's potentialities and the markets available within a comparatively short distance of the areas of production.

DAIRY PRODUCTS. It is not until we closely study the statistics relating to our imports of dairy products that we realize the large sum of money which we expend upon them annually and the magnitude of our dependence upon foreign supplies. The value of our imports of butter and cheese in 1928 was £67,116,394, nearly £10,000,000 more than were spent on imported wheat. More than half of the butter imported came from countries outside the Empire, the chief of which was Denmark. It must be admitted that economic factors have to be taken into account when we suggest that more butter should be drawn from Empire sources, one of those factors being the proximity of Denmark to the United Kingdom. But if it is economically possible to import over two and a half million hundredweights from Empire countries, as was the case in 1928, there appears to be no reason why our total annual requirements of six million hundredweights should not in time be imported from the same sources.

At present our Empire butter is drawn from the two Dominions of Canada and New Zealand, from Australia, and from the Irish Free State. In New Zealand, so progressive has been the dairying industry that the

production of butter has increased by 200 per cent. during the last ten years. The industry has by no means reached the limit of its capacity, so that there is every prospect of the exports of butter exceeding those of 1928, which were 1,449,570 cwt., valued at £11,302,667.

Although dairying is a successful and growing industry in Australia, the export of butter is meagre in comparison with that of New Zealand. Owing to uncertain climatic conditions there will always be fluctuations in the annual production. At the same time, it is probable that during the next ten years there will be a very much larger quantity available for export than there has been during the past decade. In 1928, although our imports therefrom were nearly twice as large as in the preceding year, they represented only 873,000 cwt. of our total imports of 6,120,823 cwt.

In Canada the dairying industry has made enormous progress during the past quarter of a century, but so large is the domestic consumption that less than 20,000 cwt. were available for export in 1928. There was some fear a few years ago that Canadian butter would cease to be procurable in the United Kingdom. In 1927 our purchases were only 423 cwt., and even though a substantial increase was recorded in the following year, it was infinitesimal compared with our imports from all sources.

Whether the production of butter in South Africa in the coming years is likely to provide an appreciable surplus for export cannot be predicted with certainty, but there appears to be no reason why the dairying industry should not be extended if the people are resolved upon taking that course. At present the country's exports of butter and butter substitutes are less than £20,000 per year in value.

It is from the Irish Free State that we can reasonably expect to draw increased supplies, not only on account of the superior quality of the butter, but because of the valuable economic asset afforded by contiguity to the

British market. If the farmers resolved to develop and to organize the industry scientifically, it should be possible for them to challenge the supremacy of Denmark, from which country we continue to purchase approximately one-third of our imported butter.

So far as cheese is concerned, there is little ground for complaint from the standpoint of trade within the Empire. Of the total imports of 3,006,352 cwt. in 1928, no less than 2,549,212 cwt. came from the Dominions of New Zealand, Australia and Canada. As New Zealand is rapidly developing her dairying industry, the leading productive unit of her economic life, in a few years' time we may witness the entire elimination of imports of cheese from foreign countries, except such kinds as are demanded on account of their peculiar properties.

EGGS. The extent to which the United Kingdom will be able to draw upon countries of the Empire for its annual supplies of eggs depends upon several factors. There will need to be increased production, larger storage facilities, scientific grading, organized marketing, and a preference by the consuming public for products of Empire origin. In 1928, of the total imports of 26,467,410 gt. hundreds, valued at £17,766,531, less than one-fourth came from countries within the Empire.

In the Irish Free State, Canada, Australia and South Africa there are almost unlimited facilities for the development of poultry farming, and it may be taken for granted that the industry will grow year by year, especially if British consumers will encourage the pioneers by extending preferential treatment to their products when making their weekly purchases.

MEAT. Large as are our imports of wheat and dairy products, the largest item of foodstuffs imported is meat, comprising beef, mutton, pork, bacon and hams, the value of which, in 1928, exceeded £100,000,000, approximately one-third more than the value of butter and cheese imported. More than two-thirds of those meat products are drawn from foreign countries, the remainder

being imported from New Zealand, Australia, Canada, and the Irish Free State.

Doubtless it will be many years before the Dominions produce sufficient meat to minimize appreciably our dependence upon foreign countries. For chilled and frozen beef the United Kingdom relied upon Argentina and Uruguay for 10,000,000 cwt. of the 12,000,000 cwt. imported in 1928. In regard to frozen mutton and lamb, however, of the 5,624,158 cwt. imported in 1928 Australia and New Zealand were able to furnish 3,343,306 cwt. As the production of those two Dominions is certain to increase year by year, there should be a corresponding diminution of our purchases from Argentina and Uruguay.

At present there are in Australia 11,500,000 head of cattle, and 106,000,000 sheep; in New Zealand 3,273,769 cattle and 27,133,810 sheep; and in Canada 9,000,000 head of cattle and over 3,250,000 sheep. So far as supplies from Canada are concerned, the market for live cattle in the United States continues to be more profitable than the market for meat is in Great Britain, but it is hoped that in the coming years conditions will become more favourable, economically, to the reception of the latter.

Denmark, for obvious reasons, now supplies the United Kingdom with nearly two-thirds of her bacon requirements. Owing to the proximity of Denmark to the British market, Canada, the only distant Dominion from which larger supplies can be expected, is at a disadvantage geographically; but there is no reason why infinitely larger quantities cannot be imported, in time, from the Irish Free State. Indeed, the latter is so improving her sales to us that in five years' time she should be the leading Empire contributor to our needs, especially if imports from Canada continue to decline at the same rate as they did in 1928 compared with the previous year.

SUGAR. Sugar is an important food commodity for which we rely upon foreign countries to a much larger

extent than would be the case if fuller advantage were taken of the facilities for production within the Empire. Of our imports of refined sugar and sugar candy in 1928, valued at £3,645,509, only £113,607 worth was of Empire origin. Of the unrefined sugar imported in the same year, valued at £23,372,344, less than £10,000,000 worth emanated from countries within the Empire.

While the chief source of our supplies is Mauritius, wherein production can still be considerably increased, no reason has been advanced why larger quantities cannot be drawn, in time, from other Empire sources, except, of course, the all-important economic reason which can be dealt with only if Great Britain resolves to adopt measures favourable to Empire as against foreign producers.

The British West Indies, British Guiana, Canada, Australia, Natal, British East Africa, British Malaya, and even Great Britain are capable of considerably extending their acreages under sugar, and a marked development will doubtless take place during the next few years. In regard to the beet-sugar industry in England, however, it is to be hoped that the farmers will receive fair treatment from the owners of the sugar plants lest this comparatively recently established industry should be crippled in the early stages of its development.

India is the largest sugar-producing country of the Empire. Approximately 3,000,000 acres are under sugar-cane, from which the annual yield invariably exceeds 3,000,000 tons. Only a few tons are available for export on account of the huge demand at home.

Canada continues to extend its acreages devoted to beet cultivation in Ontario and Alberta, the former province in particular, which, in 1928, furnished quite five-sixths of the Dominion's total production of refined beet sugar. Irrigation is proceeding in Southern Alberta, and with its extension there will undoubtedly be an expansion of beet growing and sugar manufacturing.

Australia is determined to extend its acreages under cane. In 1928 we received therefrom over 3,000,000

cwt. of unrefined sugar, which is remarkable in view of the fact that until quite recently the country was not only unable to meet its home demand, but had to import some thousands of tons. The estimated total yield of cane sugar in the fiscal year 1928–29 was 12,320,000 centals, an increase on the preceding year's yield of about 800,000 centals.

In parts of South Africa the cultivation of sugar-cane is not an unimportant industry. Indeed, its progress has been so marked recently that the country was able to export in 1928 fully one-fifth of its production of 310,000 tons.

In Natal and Zululand nearly 280,000 acres are under cultivation, and it is intended to increase the acreage in view of the success of the industry.

Excellent sugar-cane is produced in British Guiana, and if the proper sort of encouragement is extended to the industry by Great Britain a much larger area will be brought under cultivation. In 1928 this colony exported 114,687 tons of sugar, an increase of 5,000 tons over the previous year.

From the British West Indies we bought 2,772,392 cwt. of unrefined sugar in 1928, which was nearly 1,000,000 cwt. more than we took in 1927. For several decades before the war, the sugar industry of the islands had declined enormously for well-known reasons, the main one being the strength of the beet-sugar competition of Continental countries. It is gratifying to observe, however, that since the granting of a small preferential tariff, and the more valuable preference extended by Canada, a considerable improvement in the industry has taken place.

This is not the place in which to unfold the mysterious history of the sugar question in the United Kingdom from the time when it first figured in our tables of imports. As no country could possibly be proud of it, the less written about it the better. One is justified in wondering, however, whether the successive Governments of Great

Britain will continue to commit blunder after blunder whenever the question of Empire-grown versus foreign sugar is under discussion. If one party gives a fillip to Empire production by a preferential tariff, it seems to be the ambition of a second party to retard it by rescinding the preference. While this bickering is in progress the United States continues to grant free entry to sugar from Hawaii, Porto Rico, and the Philippines, as well as a 20 per cent. preference to Cuban sugar, with the result that she now controls over one-third of the world's output. When it is borne in mind that under the influence of the United States the Cuban output has increased by 100 per cent. during the past fifteen years, while the output of the British West Indies has grown by less than 25 per cent., it can hardly be contended that Great Britain has made the best of her opportunities.

As sugar is one of the Empire commodities to which Britain extends a preferential duty, it is worth while to observe that the Empire contribution to the United Kingdom's imports in 1880 was 24 per cent. This contribution had declined by 1914 to 8·5 per cent., but by the end of 1926 it had risen to 32 per cent., and to over 40 per cent. at the end of 1927. From the first year of the preference, 1920, imports of overseas Empire sugar advanced from 297,423 tons to 584,212 tons in 1926.

FRUIT. Another item of significance in the annual imports of the United Kingdom is fruit, fresh, dried and preserved. Yearly purchases are valued at approximately £50,000,000, more than three-quarters of which amount is paid to foreign countries and less than one-quarter to countries within the Empire. Everyone conversant with the subject is convinced that there exists great scope for an extension of imports from Empire sources. With the probable exceptions of grapes and oranges, there is no reason why the major portion of supplies at present drawn from foreign countries should not be derived from various parts of the overseas Empire.

The Imperial Economic Committee, in their Report on Fruit (1926), made several practical suggestions for the development of trade within the Empire, one of which consists in an appeal to consumers for voluntary preference. This appeal, however, is not likely to be very effective until the public is better educated on the subject. The most potent suggestion, that of customs preference, had to be ignored, as it was agreed at the Imperial Conference of 1923 that this form of preference "should not come within the purview of the Imperial Economic Committee."

The imports of apples from the United States are usually one-third greater than our imports from all British territories. If inducements were offered to growers in Canada, that Dominion would in a short time be capable of producing all the apples needed to supplement our home production between September and April. Canada, however, finds it difficult to produce at a profit, inasmuch as the growers' monetary returns are so small by the time they have discharged the costs of placing the fruit in the hands of the British retailers. Growers of the United States have an advantage over the Canadian growers in that an enormous domestic demand enables them to accept a lower margin of profit in foreign markets. Apart from customs preference, however, the Canadians may hope for a more profitable outlet in Great Britain if they succeed in organizing distribution in the British market on terms more favourable to themselves. The matter has been engaging their attention during the past four or five years, and they are hopeful of reducing considerably the extravagant and unwarranted charges exacted for distribution from the ship to the retailer.

The soil and climate of Australia are so favourable to fruit culture that practically every commercial fruit is produced. Tasmanian apples are well known on the British market. The exports of apples in 1928 were valued at £1,636,000, and the bulk came to the United

Kingdom. Australia and New Zealand are fortunately placed in regard to the British market, inasmuch as their fruits reach it at a time when there is practically no competition with either the United States or Canada, at least so far as apples are concerned.

South Africa is developing its export trade in apples, but at the moment it is not large.

Very large quantities of citrous fruits, oranges, lemons, limes and grape fruit are annually brought in from alien sources. The subject is far too large and complex to deal with adequately in a few paragraphs. It is conceded by students of this branch of our import trade that much bigger supplies might be obtained in time from Empire countries. Unfortunately, little encouragement has been proffered to the West Indies, Australia, and Africa to produce and market those fruits. Foreign competition is formidable, especially in oranges, lemons, and grape fruit. The proximity of Spain and Italy to the British market is a serious handicap to the growers in the distant Dominions and Colonies, and it may be, in the absence of fiscal preferences, that very little progress is possible. However, the question is receiving the attention of the Imperial Economic Committee, and everything possible will be done to develop this branch of the fruit industry in the interests of the Empire.

Much progress is being made in the Union of South Africa, and it is expected that the fruit-growing industry will move forward rapidly. Oranges, pears, peaches and pineapples do remarkably well, as do also plums and grapes. The exports in the year 1928 were: citrous fruits, £373,105; deciduous, £302,779; grapes, £153,392; other fruits, £4,507.

In British Malaya pineapple culture flourishes, and there is a canning industry which exports annually fruit of the value of nearly £1,000,000.

In the various islands of the West Indies quite large quantities of bananas, oranges and grape fruit are grown

and exported. In the colony of British Honduras the grape fruit growers are anticipating a large extension of their industry. In 1928 over 17,000,000 bananas and nearly 10,000,000 oranges were exported. As direct shipments to the United Kingdom are now being made, further progress in the industry seems assured.

The banana industry is also making headway in Fiji. In 1928 its exports were valued at £147,781.

Another considerable item in our fruit imports is that of dried vine fruits—currants, raisins and sultanas. The annual imports are seldom less than 2,500,000 cwt. About 85 per cent. of the currants are imported from Greece, and over 60 per cent. of the raisins and sultanas are brought in from Turkey, Greece, Spain, and the United States of America. The cost of labour in Australia, combined with the poorer quality of its product in comparison with that of Greece, may prevent the growth of the currant industry in that far Dominion; but so successful have the growers of sultanas been in the British market during the past five years that we may anticipate, not only permanency for this trade, but an even greater expansion of it year by year. If the Australians succeed in producing a currant equal to the product of Greece, that branch of the dried fruit industry should, in time, record a growth similar to that which has characterized the sultana industry.

In the Western Province of Cape Colony there exists an extensive area of land suitable for the production of raisins and sultanas. It is reported that the acreage under cultivation of the requisite vine fruits is being rapidly extended, and that in consequence a corresponding increase of South African exports of dried fruits to Great Britain may be confidently expected.

Exports of dried fruits from Australia in the season 1927–28 were valued at nearly £2,000,000, and those of South Africa, £169,473.

There are numerous other fruits which could be profitably produced in various parts of the Empire, but their

number is too great to be chronicled here. Reference must be made to one more branch of the fruit industry, however, on account of its importance, namely, canned fruits. The sales in the United Kingdom have increased enormously during the past twenty years, and traders are of the opinion that the demand will experience continued expansion. The chief fruits canned are pears, peaches, apricots and pineapples, all of which are produced within the Empire.

Our annual imports of canned fruits are nearly 3,000,000 cwt., of an approximate value of £6,000,000. With the exception of pineapples (85 per cent. of which came from countries within the Empire in 1928), fully 90 per cent. of our supplies originate in foreign countries, mainly the United States. Of the canned pears, peaches and apricots, comparatively small quantities are imported from Canada, Australia and South Africa. Huge areas of land are available for the extension of fruit culture in those three countries, and it seems a pity that the development of such resources should be retarded and that so much money should be annually transmitted to the United States instead of being retained within the Empire.

FISH. If fish cannot be termed Empire commodities in the same sense as are land products, we can at least refer to the fishing industries as being one of the Empire's staple industries. From Elizabethan days down to our own time the fishing industry has been an invaluable direct asset as furnishing food and employment for our people and an indirect asset of even greater value as providing a training ground for the men of the Royal Navy and the Mercantile Marine.

It has been estimated that the whole of the Empire's annual catch cannot be less than £50,000,000 in value, more than half of which is taken by United Kingdom vessels. In addition, very large quantities are imported in a fresh, salted, or canned condition. In 1928 our imports exceeded in value £13,000,000, the canned

product accounting for £7,396,878, fresh fish for £4,915,105 and cured or salted for £1,194,979.

Against those huge imports must be set our exports. At present approximately one-third of the British catch (mainly herrings) is exported. Efforts have been made to increase our export trade during recent years, but it seems doubtful whether we can extend our sales to any appreciable extent. Much depends upon our ability to meet competition, and still more upon the rise or fall in the consumption of fish, which is so subject to the substitution of other foods.

The largest production of any country in the Empire is in Canada. The yield in 1928 was valued at over £10,000,000. Approximately £7,250,000 represented the value of the exports. Although the bulk of the fish was taken from the Atlantic and the Pacific, the inland waters contributed about £1,200,000 to the value of the total catch.

The salmon pack of the Pacific Coast was valued at £2,850,000, and the landings of halibut at Prince Rupert were the largest on record. The salted herring industry continues to make headway, the annual output being valued at over £200,000.

According to the latest statistics available, the capital invested in the industry exceeds £10,000,000, and over 80,000 people are directly employed in various branches of the industry.

The majority of the 250,000 inhabitants of Newfoundland depend upon the fisheries for a livelihood. During the fiscal year 1927–28 the exports of all fish products exceeded £3,000,000 in value. The chief market is the United States, but enormous quantities of dried codfish are sent to Brazil, the West Indies, Spain, Portugal and other countries. The canning industry, although not large, is important, and is likely to increase in value year by year. The lobsters are excellent, and they find a ready market.

The waters off the coasts of Newfoundland and Labrador constitute the most extensive and valuable fishing area

in the world, and have been, as history testifies, the "battle-ground" of many nations in the past. Happily all disputes are now settled in regard to fishing rights, so that the vessels of the several nations interested peacefully follow their pursuits without fear of international troubles.

Although the Union of South Africa exported crayfish of the value of £222,343 in 1928, the fishing industry, on the whole, has not been developed to any extent. Authorities on the subject state that enormous shoals of fish may be seen in the coastal waters of Africa, affording inexhaustible raw material for fishing industries in the future when development is seriously undertaken.

TEA. Fifty years ago the United Kingdom was importing the bulk of its tea from China, but so successful has been cultivation in India and Ceylon that China tea occupies an insignificant place in our imports at the present time. The history of tea cultivation in India provides a romantic story. It is less than a century since initial experiments were made there. In 1927 no less than 723,000 acres were under tea, and the yield thereof was 390,920,000 lb., all black, with the exception of about 4,000,000 lb. The most prolific regions are Assam, North Bengal, and the Malabar Coast, the contributions of each area to the foregoing total yield being, respectively, 235,880,000 lb., 98,000,000 lb., and 53,000,000 lb. approximately.

No less astonishing is the evolution of the industry in Ceylon. So rapid has been its growth that the country now has over 440,000 acres under tea cultivation. The exports in 1928 were 236,479,000 lb., of which quantity the United Kingdom took nearly two-thirds.

The only other parts of the Empire in which tea is produced on a scale large enough to permit exports are Nyasaland and the Union of South Africa, but their combined shipments were only 1,500,000 lb. in the latest year statistically recorded.

The United Kingdom continues to receive fairly large consignments from Java and the Netherlands—71,524,392 lb. in 1928—but it is gratifying to observe that of the total imports of 509,975,917 lb., valued at £35,779,931 in the same year, over 80 per cent. came from Empire sources.

COFFEE. The progress of coffee cultivation within the British Empire has been no less remarkable than that of tea, although, as one would expect from the larger consumption of the latter, the quantities produced annually are not nearly so large. In 1920 the United Kingdom's imports of Empire-grown coffee were one-third of the total quantity brought in. At the present time they are nearly one-half.

Central America is the chief source of our foreign supplies, the purchases therefrom in 1928 being 317,171 cwt. of the total foreign imports of 411,546 cwt. As the purchases from British East Africa were 262,474 cwt., it will be seen that the United Kingdom is now drawing almost as large quantities from that source as from Central America. The rich soil of British East Africa yields excellent coffee, and if the product continues to appeal to the British palate, as it certainly has done during the last ten years, there will undoubtedly be a very much smaller proportion of our imports drawn from Latin-American countries in the future.

Kenya Colony not only has large areas now under cultivation, but also young plantations springing up to meet future needs. In Tanganyika there are extensive regions under coffee, and smaller areas in Uganda. In Nyasaland the industry has not made much progress, and there are no indications that the acreage will be considerably increased at least for some time.

The area under coffee in India is much more extensive than it is in British East Africa, but the chief market for the product is on the Continent. In 1928 the exports were 254,964 cwt., of which quantity only about 25 per cent. was sent to the United Kingdom.

The production of coffee in Jamaica is by no means inconsiderable, the exports in 1928 being 8,770,000 lb. However, only a comparatively small proportion was exported to the United Kingdom. In the other West Indian islands, Trinidad and Dominica, there are small coffee-growing industries. British Guiana has great possibilities, and it is apparent that they are not being neglected. In 1928 her exports of 919,775 lb. were more than double those of the preceding year.

COCOA. Great changes have taken place in the cocoa industry within the life of the present generation. Indeed, the adoption of cocoa as a beverage in Europe is a phenomenon of comparatively recent origin. In the early years of its introduction to the United Kingdom and for some time afterwards, supplies were drawn almost exclusively from Brazil, Ecuador, and Venezuela. Fifteen years ago two-thirds of our imports came from those countries, but in 1928, of the total imports of 1,266,848 cwt., no less than 1,187,868 cwt. were of Empire origin. These statistics show the greatness of the change in the source of our imports and the magnitude assumed by the cocoa industry of the Empire. It is in the Gold Coast Colony that this remarkable progress is recorded. To the adaptability and industry of the natives of the West African coast the cocoa industry furnishes an excellent testimony. From an export trade valued at less than £100 forty years ago production has made such progress that in 1928 the exports were 219,843 tons, valued at £11,029,172.

In Nigeria there is a flourishing cocoa industry which is likely to make still further progress. The country's exports at present are about 50,000 tons a year. Sierra Leone has a small area under cocoa, and it is considered to be capable of greater development. The industry in Ceylon enables the producers to export about 70,000 cwt. a year. From the British West Indies the United Kingdom received 77,000 cwt. of cocoa in 1928, chiefly from Grenada, Trinidad, and St. Lucia.

SPICES. The spice industries of the Empire are by no means insignificant. On the contrary, several of them are very important units in the economic life of India, Ceylon, the Straits Settlements, West Africa, and the British West Indies. The annual imports of the United Kingdom are valued at several millions of pounds, not all of which are retained for home consumption, however, as quite a large re-export trade is done in pepper and cloves particularly.

Pepper is produced in India, Ceylon, the Straits Settlements, Kenya, Sarawak, and the British West Indies. The United Kingdom's supplies are drawn chiefly from the Straits Settlements. Imports in 1928 were 110,960 cwt., valued at £974,648. This quantity was less than half of that imported in 1927.

Cloves are produced in Ceylon, British Malaya, and the Zanzibar Protectorate. In the last-named country production in 1928 was 158,000 cwt. Apparently the yield varies from year to year, as the quantity produced in 1927 was 110,000 cwt. greater than in the succeeding year. This spice is in much demand as a flavouring agent in all parts of the world, and consumption is likely to increase rather than decrease.

Ginger is produced on a large scale in certain parts of the Empire, notably in India, West Africa, and the British West Indies. Our imports vary in quantity from year to year, but the average is about 40,000 cwt. Production can be considerably extended when necessary in India, Sierra Leone, and Jamaica. Probably the finest ginger in the world comes from Jamaica. In 1928 that country was able to export 2,407,552 lb.

Cinnamon is a popular spice in all parts of the world. It is the product of a tree technically known as *Cinnamomum zeylanicum*, a native of Ceylon, and it grows in certain tropical and sub-tropical regions. The best cinnamon comes from Ceylon. An inferior commodity is produced in China. In 1928 the combined exports of what are known as quills and chips from Ceylon exceeded 5,000,000

lb. The United Kingdom's imports are usually over 5,000 cwt.

Nutmegs, the seeds of a small tree known as *Myristica fragrans*, are produced in British Malaya and the British West Indies, chiefly Grenada. Exports from the former in 1928 were 1,779 tons, and from the latter a little over 2,000,000 lb. Mace is also exported in fairly large quantities from Grenada.

Other spices which are produced and exported from various parts of the Empire are chillies from India, Kenya, Uganda, Tanganyika, Zanzibar, Nyasaland, and Sierra Leone; vanilla from Seychelles and Mauritius; pimento, or Jamaica pepper, from the island bearing its name; and cardamons from the Malabar Coast, islands of the Indian Sea, and Ceylon.

Foodstuffs have been dealt with at some length, not only on account of their monetary significance in the United Kingdom's imports, but because they illustrate also the adaptability of our overseas Empire for an almost unlimited production of them.

CHAPTER IV

RESOURCES OF THE EMPIRE—*continued*

(2) OILSEEDS, OIL, COTTON, WOOL, RUBBER, TOBACCO, TIMBER, MINERALS

If the European war had not taken place, it is questionable whether Great Britain would be in possession of the very large and important industries now engaged in the manufacture of oils. Be that as it may, those industries would certainly not have assumed their present magnitude. In 1914 Germany, Austria-Hungary, France and Holland, bought infinitely larger quantities of oil-seeds produced within the Empire than did Great Britain, with the result that oil-crushing industries flourished in those countries while our own plants struggled against the competition thus set up. Further, the United Kingdom was compelled to import from foreign countries large quantities of oils, feeding-cakes and allied products, manufactured from raw materials which were derived from her own tropical and other possessions. In 1913 so small were our imports of copra from India and Ceylon, of palm kernels from British West Africa, and of groundnuts from India that there was every probability of the entire output passing into the hands of foreign countries within a few years.

So many and so varied are the uses to which vegetable oils can be put that no one can predict the magnitude and value of the industry in twenty years' time. Research work is proceeding in some of the areas of production, science is being requisitioned to discover new uses for the finished products, and to improve the methods

and machinery employed in the extraction of oil from the raw materials.

COCONUT OIL AND COPRA. British Malaya and Ceylon are large producers and exporters of copra and other products of the coconut palm. In addition to the enormous quantities of copra, nuts and oil exported, Ceylon does an extensive trade in allied commodities. The quantities exported in 1928 were as follows:

Coconuts		17,777,028
Desiccated coconut	lb.	86,642,535
Copra	cwt.	1,978,137
Coconut oil	,,	780,034
Coconut poonac	,,	293,130
Bristle fibre	,,	386,972
Coir yarn	,,	94,636

Although British Malaya is now the largest Empire exporter of copra, the quantity shipped in 1928 being 182,854 tons, valued at £3,985,966, there are still extensive areas of land available for the expansion of coconut palm culture. It is anticipated that this land will be required, in the not distant future, to meet the increasing world demand.

In all the islands of the British West Indies, in British Guiana and Honduras, the coconut palm flourishes. Production, especially in Jamaica and Trinidad, is well advanced, but there is still scope for improvement. From Jamaica there were shipped, in 1928, no less than 30,769,890 nuts, and 7,927,766 lb. of copra; from Trinidad, 6,799,655 nuts, and 21,351,860 lb. of copra. British Guiana exported not only 321,659 nuts, and 7,841,944 lb. of copra, but about 26,250 gallons of coconut oil. If prices continue to be favourable, and capital be available for development purposes, the output of all these colonies can be considerably increased to the benefit of all concerned.

Other parts of the Empire in which coconuts flourish are the Solomon Islands, Fiji, Tonga, Papua, the coastal regions of Kenya and Tanganyika, Uganda, Zanzibar, and a number of islands in the Indian Ocean. It is impossible to forecast the extent to which the coconut, copra and associated industries of those regions will be developed in the future, but with the assured growth of the world's consumption, there will certainly be an appreciable extension of the cultivation of the raw material, and a notable increase in the number of mills expressing oils.

PALM OIL AND KERNELS. In the United Kingdom's imports of vegetable oils, the oil of the palm figures almost as prominently as the oil of the coconut. A much more important trade is done in palm kernels, of course, on account of their large percentage of solid fat. The two oil products are used by manufacturers of margarine, edible fats, soap and candles. The oil of the pericarp is usually extracted at mills erected in the countries of origin, whilst the oil of the kernels is expressed in factories at Hull, Liverpool, and other centres. The residue of the kernels can be utilized in the manufacture of cattle-feeds, so that there is little, if any, waste connected with the industry.

Over two-thirds of our annual imports of palm kernels come from British West Africa. Although the quantity imported in 1928 was much less than that brought in ten years ago, it totalled 160,540 tons, of the value of £3,251,816. Nigeria and Sierra Leone are the chief sources of supply. Not all the output of those two colonies finds its way to the United Kingdom, as is obvious from statistics of their exports in 1928, which were 246,537 tons, and 67,105 tons, respectively.

The Gold Coast could quite easily extend the acreage under the oil-palm, but apparently the cocoa industry is more profitable at the moment. In 1928 the exports of palm kernels were valued at £103,905, and those of palm oil, £13,513.

In the Federated Malay States efforts are being made to extend the cultivation of the oil-palm, as it flourishes exceedingly well there. Production has increased during the last few years, and doubtless it will continue to grow from the comparatively small output in 1928 of 1,482 tons of oil and 261 tons of kernels.

COTTON SEED AND OIL. In 1928 our imports of cotton seed for the expression of oil were 574,535 tons, valued at £5,622,859; of refined cotton seed oil, 2,470 tons, valued at £90,409, and of the unrefined oil, 5,024 tons, valued at £173,629. This product is used by manufacturers of margarine, edible fats and soaps. India and the Sudan are the chief sources of supply, although the former country is not a large exporter, the bulk of the output being consumed in the country.

Practically the whole of the countries in British East Africa are exporters of cotton seed. During 1928 over 45,500 tons were shipped from Uganda and Kenya Colony, and 6,962 tons from Tanganyika.

Only small quantities are exported from the islands of the British West Indies, of which Grenada is the most important source.

LINSEED AND LINSEED OIL. These two products figure prominently in the export trade of the Empire, but it is apparent from the statistics relating to the United Kingdom's imports in 1928 that the source of our supplies is changing, especially in regard to linseed. In 1919 we imported 552,000 tons of linseed, three-fifths of which came from India. In 1928, however, of the 348,567 tons imported, valued at £5,499,412, no less than 299,435 tons were purchased from Argentina, and only 33,552 tons from India. This does not mean necessarily that India is producing less, but that she may be exporting more to other countries, or consuming more at home, or both; or it may be that Argentina quotations are frequently lower than the Indian. It is common knowledge, however, that whereas years ago India was supreme in the world's linseed

trade, she is now in the second place as exporter, Argentina being first, and in the third place as producer, Argentina being first, and the United States second.

The production of flax seed in Canada is making progress year by year, and as larger tracts of land are assigned to its cultivation they will naturally become an important asset in the Empire's production of so valuable a commodity. At present the total annual shipments from the Dominion have reached about 3,000,000 bushels, practically the whole of which goes to the United States.

Great Britain's imports of linseed oil in 1928 were 22,515 tons, valued at £687,485.

Only a small export trade in linseed is done by the Kenya Colony and Cyprus, and it is doubtful whether either of those countries will ever figure prominently among the world's producers.

GROUND NUTS. Although ground nuts are widely used as a food in the various countries of origin, they are imported into the United Kingdom by manufacturers of edible fats and soaps largely for their oil contents. Imports are annually increasing. In 1928 they were 121,362 tons, valued at £2,208,966.

No country in the world produces so large a quantity as India. The estimated yield in 1928 exceeded 3,000,000 tons, less than one-third of the quantity being exported. The output sprang from an area of 6,000,000 acres.

Other parts of the Empire in which ground nuts are grown and exported are British West Africa, Gambia, Malaya, Kenya Colony, Uganda, Natal, Tanganyika, and the Sudan. Small quantities are exported from the British West Indies and Australia, and also South Africa, from which much larger consignments are now confidently expected.

RUBBER. So valuable is this raw material, and so great is the demand for it in all manufacturing countries, that the United Kingdom is fortunate in being able to draw at least three-fourths of its needs from territories within the Empire. The consumption will surely increase,

so that our country is again fortunate in possessing so many regions in which cultivation can be extended.

The production in British Malaya has advanced enormously since 1913. In 1928 the exports of Para rubber amounted to 408,693 tons, valued at £38,475,461. It will thus be seen how valuable an asset the industry is to that country, no less than to the Empire as a whole.

In Ceylon and India production is on a large scale. From the latter country over 24,000,000 lb. was exported in 1928, while the quantity exported from Ceylon was 57,825 tons. The rubber-growing industry in that colony is now second in importance to the tea industry.

In the East and West African colonies there are established rubber-growing industries of much importance. From Nigeria rubber was exported in 1928 of the value of £255,771; from the Gold Coast, £26,268; from Kenya Colony and Uganda, £54,998; and from Tanganyika Territory, £3,538.

In British North Borneo, Brunei and Fiji, rubber-growing has passed the experimental stage of development, especially in the colony first named, which exported 6,700 tons in 1928.

COTTON. A glance at the statistics relating to the United Kingdom's exports of manufactured goods reveals the importance of cotton to the prosperity of the country. It may very well be that Lancashire will never again enjoy its ascendancy of pre-war days in the markets of the world. During the past twenty-five years, and more especially during the past ten years, many countries have extended their textile plants, and some of them are not only manufacturing the greater proportion of articles required for their domestic needs, but are also entering into the world's markets as competitors of the United Kingdom. No one would underestimate the seriousness of these changed and changing conditions of production. Graver still, however, is the situation regarding the production of the raw material. With the extension of spinning there may come a shortage of

cotton, followed by soaring prices, which would have a serious effect on the output of the Lancashire mills. Further, it is well known that the world's production of cotton has for some years shown a tendency to decline rather than to maintain its pre-war proportions or to expand in a measure commensurate with the continually increasing demand. There are, therefore, few questions of greater importance to the United Kingdom than the extension of cotton-growing within the Empire. Much has been accomplished recently in that direction, but still more remains to be done if the country is to reduce its reliability upon foreign countries for its raw material which, in 1928, represented 85 per cent. of our total imports of 15,057,681 centals.

Of the ten or twelve regions of the Empire in which cotton is grown, or in which cultivation is possible, India is by far the largest, and probably the most promising. The crop of the season 1928–29 was estimated at 5,638,000 bales from 26,484,000 acres, about two-thirds of the quantity being available for export.

Efforts have recently been made to improve the quality of the product with the view of shipping to Lancashire larger quantities of the types required by its spinners. American cotton will not thrive in Indian soil; consequently, anticipated improvements will be the outcome of experiments with native types of plants.

Progress in the Sudan has been most satisfactory in recent years, and undoubtedly cultivation will be further extended. Improved transport facilities are essential in the whole of British East Africa, and attention is being given to the matter by those who grasp the opportunities existing for an expansion of the cotton-growing industry. Schemes for the extension of irrigation are either under construction or are contemplated. It is hoped that in due course at least one million bales of cotton will be forthcoming from the Sudan, and if, as is anticipated, the long-stapled variety produced should be equal in quality to the Egyptian, the value of the industry to

the natives and to Lancashire will be incalculable. The crop for the season 1928–29 was estimated at 161,902 bales of 400 lb. each.

A most promising region for the cultivation, reputed to be superior in quality to much of the United States product, is Nigeria. Some authorities contend that the colony is capable of yielding from one to two million bales a year. At present there exist neither road nor rail transport facilities adequate to meet an extension of cultivation, but it is believed that these will be improved year by year and that transportation rates will be so arranged as to assist the industry. The colony has a native population of approximately 17,000,000, so that labour is plentiful, and of a type conducive to the prosecution of the cotton industry.

In Tanganyika the industry is soundly established. Although the annual exports do not exceed 100,000 centals, the territory is capable of yielding at least a quarter of a million bales.

In the Transvaal, Swaziland, Zululand, and near the coast of Natal, there are lands of limited promise. Some progress has been made, and experiments as well as scientific research work are being undertaken with vigour. At present the production is comparatively meagre, the exports for the whole of South Africa in 1928 being only 4,444,332 lb.

Nyasaland holds out some prospect of increased cultivation, especially if cheaper and better transportation facilities be provided. The most promising regions are along the Shire River from Lake Nyasa to the Zambesi. During the war, Nyasaland's exports approximated 3,500,000 lb., but in 1928 they had fallen to 1,785,611 lb.

In Australia areas suitable for cotton-growing are numerous and extensive, especially in Queensland. The production at present is not large, and there is some doubt whether it will be possible to increase it in the absence of cheap labour such as is obtainable in other parts of the Empire. White labour is naturally dearer

than coloured labour, and in Australia the price of the former is more pronounced than in any other cotton-growing country under the British flag. Unless cotton stands at an unusually high price in the coming years, it will not be possible for Australian growers to export on a profitable basis.

A number of the islands of the British West Indies produce what is known as Sea Island cotton, a highly-prized variety, and costly on that account. In 1928 the exports of this product from Antigua were 17,700 lb.; from Barbados, 14,249 lb.; from Montserrat, 38,086 lb.; from St. Kitts, Nevis, 309,572 lb. and from St. Vincent, 110,728 lb. In addition, Grenada, St. Vincent, and Montserrat exported Marie Galante cotton to the extent of 350,000 lb. approximately.

WOOL. A gratifying feature of the United Kingdom's imports of lambs' and sheep's wool is the large quantity that comes from countries within the Empire. In 1928, of the value of our total imports, £60,566,674, just under £49,000,000 was spent on the Empire product. The quantities represented in the values were 6,350,853 centals from Empire sources, and 1,456,288 centals from foreign countries.

Australia continues to be the chief source of our supplies, with New Zealand, South Africa, India, the Irish Free State, the Falkland Islands, and Kenya Colony following in the order given. There is also, of course, a large wool production in Great Britain to be taken into consideration.

No country in the world produces so much wool as does Australia. The annual production is about 600,000,000 lb., and although prices fluctuate, this output is usually worth £60,000,000. So large is the present clip that it requires imagination to foresee any possibility of augmenting it. Yet there are still vast tracts of unoccupied territory wherein the pastoral industry can be enormously extended as soon as Australia has the necessary population for that purpose.

Of the quality of the Australian fleece it is unnecessary to speak here. The world is familiar with the product, and buyers in Europe are always eager to purchase it on that account. With the development of manufacturing in the Far East, there is certain to come an increasing demand for Australian wool because of the country's proximity to those markets. For example, Japan's purchases twenty years ago were less than 500,000 lb., but the progress made in the manufacturing of woollen goods during that period has brought her purchases to over 5,000,000 lb. at the present time.

Although the frozen mutton industry of New Zealand closely approaches in value that of wool-growing, the latter continues to be the principal source of income to the country. The woollen manufacturing industry, too, like that of Australia, is soundly established, and of no mean size. Its production of tweeds, cloths, flannels, and other articles, is now valued at quite £1,250,000 a year. In 1928 the exports of wool were 657,849 bales, of the value of £16,679,098. The value of the industry to New Zealand is apparent in that it represents nearly 30 per cent. of the country's export trade. The chief sheep-raising districts are Hawke's Bay, Wellington, Canterbury, and Otago.

Other wool-producing countries in the Empire of particular importance, and their exports in 1928, are—South Africa, exports of greasy wool, 246,877,369 lb. (£15,975,812), scoured wool, 6,629,595 lb. (£875,539); India, 57,649,433 lb. (Rs. 4,91,58,651); Kenya Colony, 7,899 cwt. (£103,040); and Falkland Islands (1927), 3,972,509 lb. (£236,028).

Canada, although consuming the greater part of its production at home, is usually in a position to export from 6,000,000 lb. to 12,000,000 lb. annually.

Progress is very marked in South Africa, and the near future cannot fail to record a considerable addition to her existing flocks, which exceed 40,000,000, or rather more than a third of the number in Australia,

and nearly a third greater than the number in New Zealand.

TOBACCO. In 1913 our purchases of Empire tobacco were little more than 1 per cent. of the total imports; in 1928 they were practically 20 per cent. This is a very encouraging increase. However, when we consider that the Empire contains some millions of acres of soil suitable for tobacco culture, the surprising thing is, not the quantity being produced, but the enormous proportion of our imports that is drawn from foreign countries. As the United Kingdom's total imports of unmanufactured tobacco in 1928 were 219,530,512 lb., valued at £16,505,133, it will be seen how great are the possibilities for an extension of trade within the Empire. No one is ignorant of the fact, of course, that it would be difficult, and in some instances impossible, for Empire tobacco cultivators to replace such high-class products as the Sumatra leaf, the Havana aroma, and the richest Virginian brands. At the same time, experts are of the opinion that tobacco equal in quality to the usual run of American might be grown in several parts of the Empire.

Nyasaland, as it is the largest contributor to our supplies from Empire countries, is also the most promising region of the future. Exports in 1928 amounted to 11,632,497 lb.

India has over 1,000,000 acres devoted to tobacco cultivation, but as the domestic demand is very great, the United Kingdom cannot expect to draw any considerable quantity therefrom for many years. The bulk of the leaf is grown in Bengal and Madras. The quantity of unmanufactured tobacco exported in 1928 was 30,701,796 lb., of manufactured, 1,100,732 lb. Large quantities were sent to the Straits Settlements, China, and the Netherlands, but the greater proportion came to the United Kingdom, some for smoking purposes, and some for tanning.

In Southern Rhodesia cultivation has been greatly

extended during the past ten years. Indeed it would seem that production is now greater than the capacity of the market to absorb it. A wide advertising campaign in the United Kingdom has enhanced the demand, and it is hoped that consumers will continue to encourage the growers by purchasing this Empire product in preference to the foreign commodity. It will be a pity if cultivation is retarded for want of an adequate outlet in the United Kingdom. In 1928 the exports were valued at £591,475 which was £85,000 less than in the preceding year.

Exports of tobacco from the Union of South Africa are not yet large, but the demand for the better grades is increasing in the United Kingdom. The crop for 1928-29 was estimated at 16,500,000 lb.

In the following regions of Canada—the St. Lawrence River valley, south-west Ontario, and British Columbia, tobacco is so successfully grown that the annual output has exceeded 40,000,000 lb., about one-sixth of which is exported.

Production in Australia is not large, and there is some doubt regarding the future of the industry. Strenuous efforts are being made to improve the quality of the product, and even to enlarge the output. In the fiscal year 1927-28 the exports of manufactured tobacco were 2,080,047 lb., valued at £448,359.

Small quantities of tobacco are exported from Ceylon, Mauritius, British North Borneo, and Cyprus.

TIMBER. Next to food and clothing there is probably no product more necessary to human existence than timber. Unlike those two commodities, the raw materials of which nature renews annually, or oftener, trees require many years to replace, no matter how favourable to their growth the soil and climate may be. Every student of forestry knows that the merchant timbers of the world have been mercilessly slaughtered during the past two hundred years, that in some instances no effort has been made to re-afforest the depleted areas, and that where re-afforestation schemes are in force, the replacements

are wholly incommensurate with the depletion. There are no reliable estimates of the world's standing timber, but with regard to the Empire it is estimated that the total forest area is not less than 1,900,000 square miles, the present merchantable area being about one-third of the whole. The timber standing in the forests is stated to be approximately 185,800,000,000 cubic feet of softwoods, and 200,500,000,000 cubic feet of hardwoods. The annual fellings are more difficult to estimate, but they are officially recorded as approximating 3,600,000,000 cubic feet, 2,000,000,000 cubic feet being softwoods, and the balance hardwoods.

In 1928 our imports of wood and timber exceeded £42,565,000 in value. Of the softwoods imported only 10 per cent. came from countries within the Empire, and of the hardwoods the Empire furnished 30 per cent., half of that proportion being represented by Indian teak. While it has to be admitted that the Baltic countries possess an advantage in their proximity to the British market, thus handicapping the more distant Empire sources of softwoods—fir, spruce, pine—the largest items in our imports, there seems to be no reason why hardwoods cannot be imported to a greater extent from parts of the Empire not subject to a similar handicap.

Canada is the largest producer of timber in the Empire, and the chief Empire contributor to our annual imports. It is estimated that the merchantable timber of the Dominion covers at least 250,000,000 acres, with additional acreages of timber convertible into pulp. Of this total area, about 100,000,000 acres are in Quebec, 70,000,000 in Ontario, and 50,000,000 in British Columbia. In the last-named province are produced the biggest quantities of sawn timber.

In 1928 Canada's exports of unmanufactured or partly manufactured wood, consisting mainly of planks, boards, square timber, laths, shingles, logs and pulpwood, were valued at nearly £20,000,000. The United States, as one would expect, took the bulk of the supply, as well as 75

per cent. of the exports of manufactured wood (inclusive of wood pulp), valued at £9,550,000.

Although the resources of timber available in Australia and New Zealand are meagre in comparison with many other countries, the areas under merchantable wood are far from negligible. Reckless felling in the past has, of course, played havoc with the forests, and unless re-afforestation is pursued, or the annual cut is curtailed, the time is not far distant when both countries will be depleted of certain kinds of timber, particularly softwoods. In Australia there are said to be about 60,000 square miles of forest lands, of which 10,000 square miles contain merchantable timber. The chief trees are walnut, black bean, silky oak, mountain ash, Tasmanian oak and myrtle, West Australian jarrah and karri, and sandalwood. Many of these timbers have recently found favour in the United Kingdom, and imports of them are likely to increase. The Australian exports in 1927-28 were valued at £1,317,818. Against this must be set the imports of wood which are frequently much greater in value than the country's exports.

Not more than 2,000 square miles in New Zealand are covered with merchantable timber, such as kauri pine, red and white pine, and beech. In 1928 the exports of sawn timber were valued at £376,756. It is improbable that these exports will be maintained at their present figure, as the forests have been drained so heavily in the past. In order to safeguard supplies for the future, New Zealand is conserving her resources, and also undertaking a big scheme of re-afforestation.

Large supplies of hardwood, such as teak, mahogany, rosewood and sandalwood, exist in the 250,000 square miles of timber lands in India under the control of the Forest Department. The timber industry yields a big revenue to the State. Teak, of Burma origin, is the chief wood exported. The annual exports are usually over 50,000 cubic tons. Teak will always find a ready external market on account of its superiority to oak

and all other kinds of timber used for constructional purposes. About 1,000 tons of sandalwood are exported annually.

Other parts of the Empire in which there exist extensive supplies of timber are British Guiana, of which 85 per cent. is forest land, British Honduras, the Bahamas, Newfoundland, the Gold Coast, Nigeria, Kenya Colony, Tanganyika, and British North Borneo. In the Union of South Africa there are not more than 2,500 square miles of forest lands; consequently the country is likely to remain an importer rather than an exporter, so far as the woods of commerce are concerned.

WOOD PULP. The production of, and the demand for, wood pulp have become so important in modern commerce, and are destined to exercise so remarkable an effect upon the world's timber resources, that some reference should be made to the subject at this point. So great is the demand for this product that, if it continues, it must inevitably work disaster among the forests of the Empire in particular. It is evident that Canada, for example, cannot continue to augment its output year after year at the same rate as she has done during the past ten years without gravely injuring her own interests and those of the entire Empire. Enormous areas of forest lands have already been depleted, with the result that the fellers of timber are compelled to push further north every decade for supplies. It takes very many years for young trees to attain to the size requisite for felling, so that a re-afforestation scheme, on however large a scale, cannot relieve the situation for a very long time. The alternative, in order to produce immediate benefit, is to regulate the annual cut.

In 1913 Canada's output of newsprint did not exceed 350,000 tons; by 1928 it had reached 2,381,000, or over one-third of the world's total production. At the present time the mills are capable of producing 10,000 tons daily, and reports are to hand that this capacity is to be increased in 1929 and 1930. The Dominion's exports in 1928 were

92 per cent. of the output. Only 10 per cent. of that quantity went to countries other than the United States.

Some idea of the magnitude and value of Canada's pulp and paper industry may be gathered from the exports of 1928, which were valued at—wood pulp, £9,100,000, and paper, £29,400,000 approximately.

Since 1909 the Dominion of Newfoundland has been an exporter of wood pulp and newsprint. The shipments of the former, however, are becoming smaller every year on account of the larger quantities of newsprint being produced. In 1928 the exports of newsprint were approximately 185,000 tons. Large and flourishing mills are established in the country, the output of which is continually increasing.

MINERALS. In the space available it is impossible to deal fully with the immense and varied mineral resources of the Empire, especially as practically every known mineral is found in some region or other under the British flag. Therefore only the more important minerals and metals will be referred to, and the references must be concise.

Fortunately for the British Empire, its mineral lands have not been "bled to death." With the probable exceptions of gold, silver, manganese and chromium ores, the deposits have not been exploited to any great extent. Further, there are enormous discoveries yet to be made in regions known to indicate the existence of valuable ores. If Great Britain has failed to develop the Empire's resources on a scale which might have been expected of her, she may accept the neglect with some measure of satisfaction, inasmuch as these riches still exist for future needs, while the ores of foreign countries have become depleted to a large extent by drainage in the past. During the next twenty years there is sure to take place a speeding up of prospecting and exploiting on virgin ground, as well as an extended development of regions already tapped and approved.

GOLD. Although for generations the Empire has been explored and exploited for gold, it continues to hold its own as the world's chief producer, furnishing 75 per cent. of the world's total output. Practically every part of the overseas Empire contributes to the maintenance of that position. The Empire's, as well as the world's, largest source of supply is the Transvaal. In 1928 the production of South Africa was 10,354,264 fine ounces, valued at £43,982,119.

The output of Canada in the same year was 1,852,785 fine ounces, valued at about £7,800,000. Of this total yield Ontario furnished 84 per cent., drawn mainly from the Porcupine and Kirkland Lake districts. The yield of British Columbia was 10 per cent. of the total.

Australia occupies third position among the Empire's sources of supply. About 80 per cent. of the production comes from Western Australia, the mines of which, in 1928, yielded gold of the value of £1,671,000.

In Southern Rhodesia the yield in 1928 was 244,609 fine ounces. In India it was 384,272 ounces. New Zealand's annual output is valued at approximately £500,000.

Other parts of the Empire in which gold is produced are the Gold Coast, Federated Malay States, Nigeria, and British Guiana.

SILVER AND LEAD. The total production of silver in the Empire fluctuates from year to year, but it generally runs from thirty to forty million ounces. Prices move quite frequently, too, so that it is difficult to arrive at a reliable valuation of the output. The largest producers in the world are the United States, and Mexico. Canada is the third largest producer in the world, and also leads in Empire production. The output in 1928 was 21,922,795 fine ounces, valued at approximately £2,550,000.

Pure silver is found in some parts of the world, but as a rule it is associated with such metals as lead, cobalt, gold, zinc, and copper. The silver of Canada is extracted

from the primary silver ores of the Cobalt district of Ontario, and as a secondary product from lead, zinc, and sundry other ores in British Columbia mainly. Smaller quantities are produced in the Yukon Territory and Quebec.

At the Broken Hill mining field of New South Wales, Australia, there are immense deposits of lead and zinc minerals, from which as much as 15,000,000 ounces of silver have been drawn in one year. To-day, however, the production is not nearly so large.

Other rich Empire mines are located in Burma. From the Bawdwin mines of that region 6,000,000 ounces were produced in 1928, of the value of £700,000. These mines still hold over 4,000,000 tons of proved ore for future use.

The United Kingdom's imports of sheet and pig lead in 1928 were 262,137 tons, valued at £5,570,613, more than half of which came from foreign countries.

Australia is the largest supplier of lead within the Empire. About two-thirds of the output is shipped to the United Kingdom, and the remainder to foreign countries. Practically the whole output is produced at the renowned Broken Hill mines.

The Canadian output of lead, which was nearly 335,000,000 lb. in 1928, is produced in British Columbia to the extent of 95 per cent. of the country's yield. In that province is located the world's biggest silver-lead-zinc mine, known as the Sullivan. The concentrates of this mine are sent to the big smelting plant at Trail for treatment.

Other lead mines of the Empire are situated in Burma, producing about 10,000 tons a year; and in Southern Rhodesia, which country has continued to increase its output since mining began there in 1914.

PLATINUM. Only quite recently has any considerable quantity of this valuable metal been forthcoming from Empire sources. Even at the present time the production is comparatively small. Canada produces it

in small quantities in British Columbia, and in the Sudbury district of Ontario. The total output of Canada in 1928 was 10,452 fine ounces.

Deposits exist in Australia, New Zealand, South Africa, and India, but the majority of them are not large. South Africa is increasing its output. In 1928 it was 17,827 ounces, valued at £241,110.

COPPER. The British Empire does not contribute more than one-tenth to the world's total production of copper. Of its imports of copper bars, blocks, slabs, ingots and cakes, amounting to 150,460 tons in 1928, the United Kingdom drew about 3,000 tons from Empire countries, but of the 46,313 tons of copper imported, 25,413 tons came from Canada.

There is no doubt that Canada will ultimately improve her position among the world's producers. At present she occupies the fourth place. Mining experts in Canada maintain that in twenty years she will occupy first place. The chief worked deposits are in British Columbia, the next in importance being located at Sudbury, Ontario. It is said that at least 16,000,000 tons of ore exist in Northern Manitoba awaiting development. In 1928 the total output of Canada was over 100,000 tons, or one-third more than the output of the previous year.

Copper is produced on a fairly large scale in Rhodesia, the Union of South Africa, and India, and in a smaller degree in Australia, Newfoundland, Papua, and Cyprus.

ZINC. The world's greatest producers of zinc are the United States, Germany, and Belgium. Within the Empire the chief sources of supply are Canada, Australia, and India. Certain quantities are also being produced in Northern Rhodesia. Ten years ago the output of Australia was greater than that of Canada, but to-day Canada is leading, and ranks sixth among the world's producers. The bulk of the Canadian product comes from British Columbia. In 1928 the total output was valued at slightly over £2,000,000. The exports were valued at £1,650,000.

The production of Australia comes chiefly from the Broken Hill mines. In 1928 the Commonwealth was able to export zinc bars and blocks to the value of £1,000,000.

In the Northern Shan States of India the output of zinc concentrates is about 60,000 tons a year.

From the rich zinc deposits of Broken Hill, in Northern Rhodesia, an annually increasing production is anticipated.

TIN. Nearly 50 per cent. of the world's output of tin is produced within the British Empire, which is due entirely to the development of mining in the Federated Malay States. In 1928 nearly 62,000 tons of tin and tin ore were produced there, and the value of the exports exceeded £13,000,000. Tin exists in all parts of British Malaya, the richest deposits being in the Kinta Valley of Perak.

In Northern Nigeria tin mining is well established. The deposits extend nearly 9,000 square miles, and from this region there may be expected large and continuous supplies for many years. Exports at the present time exceed £2,000,000 in value yearly.

The Burma region of India produces about 4,000 tons of tin ore annually.

The Australian output comes mainly from New South Wales, and Tasmania, although tin is mined in all the States except South Australia. Exports annually exceed £400,000 in value.

The Union of South Africa is a tin ore producer, and usually exports annually over 2,000 tons.

Other territories of the Empire in which increased production may be anticipated are Swaziland, Tanganyika and Uganda.

NICKEL. The world's chief source of nickel supply is in the British Empire. Fully 90 per cent. of the world's production comes from the Sudbury district of Ontario, Canada. Every year witnesses an increase of the output which, in 1928, amounted to 96,755,578 lb., valued at

approximately £4,500,000. This was an increase of 30,000,000 lb. over the preceding year. The United States is Canada's chief market for the product.

MANGANESE. India and the Gold Coast contain the largest deposits of manganese ore in the Empire. The quantity mined in India exceeds 1,000,000 tons annually. The production in the Gold Coast enabled the colony to export 324,500 tons in 1928.

Large deposits of ore are known to exist in South Africa, Australia, and Canada, although they have not been developed to any great extent.

IRON. Of the 4,382,604 tons of iron ore imported by the United Kingdom in 1928, less than 50,000 tons came from Empire sources. Whether larger supplies can be drawn from Empire countries in the future depends more upon the ability of the latter to compete with foreign suppliers in proximity to Great Britain than upon the absence of supplies of ores. In Canada and Newfoundland there are large deposits, but little, if any, of the ore is exported to the United Kingdom. In Australia there lie iron-ore reserves of hundreds of millions of tons, and in South Africa there are large and rich deposits. India is increasing its production yearly. In 1928 that country exported 428,625 tons of pig-iron, 75 per cent. of which went to Japan. India is using quite half of her production at home, where the iron and steel plants cannot fail to increase in number and size.

There are also deposits of good iron ore in British Malaya, Ceylon, Sierra Leone, and New Zealand.

COAL. In addition to the coal beds of Great Britain there are several enormous fields in parts of the overseas Empire, notably in Canada and Australia. In the former Dominion, according to official reports, the coalfields contain 200,000,000,000 tons of bituminous coal, and 70,000,000,000 tons of anthracite. The output in 1928 was 17,554,293 tons, valued at approximately £12,500,000. Four large fields are situated in the eastern province of Nova Scotia. In the prairie Provinces deposits extend

for many miles, but the chief mines now being worked are at Edmonton, Lethbridge, Calgary, and the Crow's Nest Pass, in Alberta. In the western province of British Columbia there are some 73,000,000,000 tons, the greater part of which is bituminous. The main fields are the Crow's Nest Pass (stretching into Alberta), Nicola River, Vancouver Island, and the Queen Charlotte Islands.

The deposits of Australia are chiefly located in New South Wales, the smaller fields being in Victoria, Queensland, Western Australia, and Tasmania. The New South Wales production is nearly 12,000,000 tons a year.

The output of the coal-fields of India exceeds 20,000,000 tons a year. Coal is distributed throughout the country, but 80 per cent. of the total yield comes from the mines of Raniganj and Jherri, the former lying in the Burdwan district of Bengal, and the latter in the province of Bilchar.

The coal-mining industry of New Zealand is large enough to supply the home market, and also to export about 130,000 tons per annum.

In several regions of South Africa coal deposits are plentiful. The principal worked deposits extend from the Highlands of Natal to Middleburg in the Transvaal; from the Zululand coast to Kroonstad, and on in a northerly direction from Zululand, through Swaziland and the eastern section of the Barbeston, Lydenburg and Pietersburg districts of the Transvaal into the Zoutpans Berge district contiguous to Rhodesia. The main deposits lie on either side of the Witwatersrand. The annual production is over 12,000,000 tons, fully 90 per cent. of which is drawn from the Natal and Transvaal collieries. The entire resources of South Africa have been estimated at 250,000,000,000 tons.

Coal is also produced in Nigeria, British Malaya, Brunei, and North Borneo. Very large deposits extend along the western coast of Newfoundland.

ASBESTOS. The world's largest asbestos mines are situated in the province of Quebec, Canada. From that source comes 85 per cent. of the world's supply. In 1928 the output of Canadian asbestos was 273,947 tons. The bulk of the exports goes to the United States.

Southern Rhodesia and South Africa are now mining on a large scale, especially the former. Their respective exports in 1928 were 81,246,028 lb., and 24,343,515 lb.

Fairly large deposits are to be found in Cyprus, India, Australia, and New Zealand, all of which are being worked, with the probable exception of New Zealand.

A few of the other minerals and metals of the Empire, to which a mere reference can be made, are—chromium, bauxite, bismuth, molybdenite, osmiridium, wolfram, scheelite, feldspar, fluorspar, magnesite, mica, monazite, plumbago, phosphate, pyrites, saltpetre, soda, quicksilver, and barytes.

CHAPTER V

MANUFACTURING IN THE DOMINIONS

In this industrial age it would be remarkable if any country failed to establish factories on however small a scale, but more remarkable would be the failure of the Dominions and India to develop industries, situated as they are in the midst of immense natural resources, and in possession of domestic markets of no mean size and value. To have remained exporters of raw materials and importers of manufactured goods produced from them would have been alien to the best interests of their respective countries and the Empire to which they belong. In some cases it is more profitable to sell certain raw products and to import commodities produced therefrom, but in instances where manufacturing is more profitable to a country on the whole, we may be sure that, sooner or later, factories will be established.

For more than a century Canada has been engaged in some kind of manufacturing. It is during the last twenty-five years, however, that the astonishing growth of her industries has taken place. Until 1900 the expansion of industrial production was small and slow. The gross value of all products in that year was less than £100,000,000. In 1928, the latest year for which statistics are available at the time of writing, the value had increased to approximately £700,000,000. While the industrial life of Canada would undoubtedly have continued to advance year by year, its phenomenal progress is due in a great measure to the influence of the war. The importation of manufactured goods from the accustomed sources was practically suspended during the war, and the

suspension encouraged the production of many kinds of commodities which had not been manufactured in the country previously. The non-existence of competition was an invaluable asset to the new industries, as the manufacturers set out with practical control of the market. Agriculture was at the zenith of its prosperity, consequently the purchasing power of the people was abnormally high. The result was an extension of factories working at high pressure to meet the stimulated demand at the exceptionally high prices which attended the scarcity of commodities and the competition for them.

At the end of 1927 the capital invested in Canadian manufacturing industries exceeded £870,000,000. The number of persons employed in them was 619,000, their total salaries and wages being approximately £140,000,000 per annum. It is known that the United States has something like £700,000,000 invested in the Dominion, and that a large part of it is in the industries, but the bulk of the industrial capital is held by Canadian investors.

The three most important manufacturing industries are, so far as the value of their products is concerned, pulp and paper, with a production of £44,000,000; flour and grist-mill products, £38,000,000; and slaughtering and meat-packing, £33,500,000. Classified by groups, the industries connected with vegetable products were the largest. The gross value of the output in 1927 was over £142,000,000. This group comprises industries producing flour, bread, biscuits, confectionery, fruit and vegetables, sugar, brewery products, coffee, cocoa, tobacco, cigars, cigarettes, and rubber goods.

The next group in importance is associated with wood and paper, amounting in gross value to £126,000,000. In the group are included industries connected with pulp and paper, sawmills, sash and door factories, wagon factories, furniture, boxes, printing and publishing.

The third group includes industries engaged in the manufacture of motor-cars, railway rolling stock, hardware, machinery, steel, wire, sheet metal, castings, forgings, and agricultural implements. The output of this group was valued at £106,000,000.

The fourth group is connected with animal products. The output was valued at £91,500,000, and the industries include meat-packing, butter and cheese, fish, fur goods, and leather goods, including boots and shoes.

The textile group may be mentioned also, as it has grown very rapidly. In 1927 the output of the industries, which include cottons, woollens, silk hosiery, clothing, dyeing and cordage, amounted in value to £76,500,000.

Even more astounding than the growth of Canadian industries is the expansion of the country's export trade. At the end of 1918 the exports of manufactured goods only were valued at over £100,000,000, or more than the total value of all the goods manufactured in the Dominion as recently as 1900. Of course, just as the war gave an impetus to manufacturing, so it provided an opening for export trade.

Fully 40 per cent. of Canada's export trade is done with countries in the Empire, although, strangely enough, that is 11 per cent. less than was transacted in 1886. The exports to the United Kingdom in 1928 were 33 per cent. of the total, and to the United States 39 per cent., while the imports from the former were 16 per cent., against 65 per cent. from the latter.

Canada's export trade was at its meridian from 1918 to 1920 when prices were everywhere inflated, the demand exceedingly great, and competition not keen, as many European exporting countries had not recovered from the effects of war. Many doubted whether Canadian exporters would hold the markets which they had gained as soon as the older manufacturing countries had rehabilitated their plants. The record exports of 1918 have not since been approached, and the decreases in 1922

and 1923 were very serious. In 1928, the value of exports was £50,000,000 less than in the aforementioned record year, but the decrease was one of values rather than quantities. There is no reason to doubt Canada's ability to hold her present markets, and she seems resolved to extend them by every means at her disposal.

Her imports in 1928 were valued at over £250,000,000.

As the population of Australia is less than half of that of Canada, it is natural that the number of factories in the country should be neither so numerous nor so large as those in the bigger Dominion. The capital invested in them is smaller in consequence. At the same time, the Commonwealth is far from unimportant as a manufacturing unit of the Empire. At the end of the fiscal year 1926–27, the latest year for which statistics are available, there were 21,579 factories in operation, employing 467,247 hands, and paying annual wages amounting to £90,575,166. The total value of the output was £408,692,838.

By far the greater number of factories were engaged in the manufacture of clothing and textile fabrics, the next in order of importance being those connected with food and drink, vehicles and fittings, saddlery and harness, metals, machinery and woodwork. A considerable addition to the factories has taken place during the last six or seven years. No less than 600 new establishments were opened yearly from 1923 to 1927. Of the total number of factories in existence more than two-thirds are located in New South Wales and Victoria, 8,222 being in the former, and 7,690 in the latter.

The export trade of Australia, although not large on the manufactured goods side, amounted to £144,895,183 in the fiscal year 1926–27. This total comprised exports of Australian produce, gold and silver and bronze specie, and also re-exports amounting to £2,989,309. The chief items of export were animal substances, £69,202,396, and vegetable foodstuffs, non-alcoholic beverages, etc., £32,972,690. Merchandise of the value of nearly £20,000,000 was

exported to eastern countries, more than half of it being consigned to Japan.

A detailed analysis of the exports would occupy more space than can be spared. The following table presents an analysis of them classified according to the main industries in which the goods were produced.

Industrial Group	1926–27
	£
Agriculture	33,155,560
Pastoral	75,390,086
Dairy and Farmyard	7,118,382
Mines and Quarries	20,068,172
Fisheries	433,245
Forestry	1,713,938
Total Primary Produce	137,879,383
Manufacturing	4,026,491
Total	141,905,874

The total export trade in the above year was 89 per cent. greater than in 1913, which is a most gratifying record. It illustrates the possibilities of further expansion as the population increases and the unexploited resources of the country are developed.

As the population of New Zealand (exclusive of Dependencies) is less than one and a half million, one does not expect to find either a wide or diverse range of industries in the country. There are indications, however, that the principal branches of manufactures are being extended. The establishments recorded in 1926–27, which numbered 5,088, were 285 more than in the preceding year. Motor-engineering accounted for 146 of these new establishments. More than two-thirds of the factories are engaged in the production of commodities for domestic consumption.

The total number of wage-earning employees in the industries was 82,018 in the foregoing year, and the

wages bill was £13,000,000. The value of all products slightly exceeded £83,000,000, whilst the value of land, buildings, plant and machinery was £62,723,125.

By far the greater number of plants were engaged in the production of carriages and vehicles, foods, woodwork, metals, house furnishings, and wearing apparel.

The export trade reached its highest peak, so far as value is concerned, in 1925, when the total exports were valued at £55,262,272. In 1927 the value fell to £48,496,354; but as prices have declined since 1925, it may be that even larger quantities of goods are represented in the 1927 value than in that of 1925. Food, drink, and tobacco contributed to the 1927 exports, £27,921,062; raw materials, and articles mainly unmanufactured, £17,762,194; and articles wholly or mainly manufactured, £1,749,231. The principal items in the foodstuffs were, of course, butter, cheese, and frozen meat. More than half of the exports were sent to the United Kingdom. Australia took commodities valued at £3,665,962; the United States, £2,681,091; Canada, £1,666,598; Germany, £1,139,654; and other countries, £1,969,760.

New Zealand may find it difficult to export many of her products to Europe in competition with countries enjoying geographical advantages, but it is believed that her trade will increase with certain Asiatic countries, with Africa, and many of the Pacific Islands, particularly those that are in comparative proximity to her shores.

If the growth of industrialism in South Africa has been slower than in some of the other countries of the Empire, it has to be borne in mind that its white population is still less than two millions. Moreover, that population is scattered over the whole country, which is enormous in extent, and much of it far from the seaboard. Further, the manufacturers have to contend with the advanced methods of production and their mass character in other countries. Quite substantial progress in manufacturing has been made since the end of the European war, and

doubtless further advances will take place as the years go by. There are almost insuperable difficulties to surmount, however, before manufacturers will be in a position to extend their trade in the domestic market, and even greater obstacles stand in the way of developing an external trade. Transport charges have to be reduced, some sort of assistance will need to be extended to young industries, more white and skilled labour will be indispensable, and production costs must be brought low enough to permit successful competition with imported products.

A Board of Trade and Industries was appointed in 1921 to inquire into and advise the Government on all matters concerning the economic development of the natural resources of the Union and its industries and trade, and more particularly on—(1) the payment of bounties or other forms of State aid for industries; (2) fiscal policy; (3) revision of tariffs; (4) combinations, trusts, monopolies, restraints of trade; (5) dumping; (6) transport and markets; (7) commercial legislation, etc. The duties of the Board are important, and its members are resolved to discharge them in the interests of the productive, domestic, and export branches of the country's economic life.

The gross value of the output of the manufacturing industries in the fiscal year 1926–27 (latest figures available) was £97,878,822. The total number of factories was 7,172, employing 202,608 hands, to whom £24,183,708 were paid in salaries and wages. The value of the land and buildings was £22,561,314, and of machinery, plant and tools, £36,573,158.

The greater number of the factories are engaged in the production of foodstuffs, clothing and textiles, and in metal work, engineering, building and contracting, lighting and heating, printing, chemicals, stone and clay products.

At the time of writing there are no statistics available covering the complete year 1928, but up to September

30th of that year the total exports were valued at £49,406,220. Metals and minerals form the chief group, so far as value is concerned, agricultural and pastoral products being second in importance. The United Kingdom takes over 50 per cent. of the Union's exports.

CHAPTER VI

THE TREND OF INTER-EMPIRE TRADE

In the presence of the two great forces which appear to be mobilizing—one on the Continent, and the other in the United States—there is only one direction of certain promise in which Great Britain can hope to strengthen her economic position and counteract her past and prospective losses in foreign markets. The development of trade with the Dominions and Colonies is the direction indicated. While there are obstacles which prevent the enhancement of our trade with foreign countries—obstacles over which we have no control—there are no impediments to an extension of trade with our kinsmen overseas except our reluctance to adopt measures with that object in view. Protracted delay is dangerous, inasmuch as the Dominions are quite free to conclude with foreign countries any trade agreements calculated to increase their exports thereto. Sentiment, as every business man knows, has its limitations, and such limitations are inclined to take their circumference from the centre of self-interest. The Dominions cannot be blamed if they seek elsewhere facilities for reciprocal trading if such are economically more profitable than those which the Mother Country is prepared to concede.

To maintain that the Dominions already have a market in the United Kingdom as free to them as to foreign countries is to admit the existence of a handicap rather than an advantage. British exporters are fully aware that the preferential tariffs of the Dominions are an infinitely greater asset to them than would be free entry extended to all countries. The application of this

illustration to the exporters of the Dominions is so obvious that it need not be pressed further.

If we analyse Great Britain's trade with foreign countries and countries within the Empire we shall observe serious retrogression in the former, and marked progress in the latter. The analysis also serves to illustrate our prospects in the Dominions and Colonies in comparison with those in foreign countries so far as we are able to compare the present with the future.

Complete statistics of world trade later than 1926 are not available at the time of writing; consequently it will be necessary to confine our analysis to the figures issued by the Economic Section of the League of Nations covering 1925 and 1926. Figures covering a later year might indicate slight changes, but it is highly improbable that, so far as British exports are concerned, our present position is any more favourable to us statistically than it was in 1925.

Our exports to European countries have remained almost stationary at a little over 8 per cent. from 1913 to 1925. In the year of the coal strike they declined to 7·4 per cent., and it is doubtful whether they have yet returned to the percentage of 1925. On the other hand, exports from the United States advanced from 13·5 per cent. in 1913 to 16·4 per cent. in 1925, and 15 per cent. in 1926. It will thus be seen that European imports from the United States advanced by 3 per cent. in twelve years, whilst those from the United Kingdom remained practically unchanged. The total exports of the former country, it should be noted, are also twice as large as those of the latter.

Students of trade statistics published in Washington are familiar with the progress made in Latin America by the exporters of the United States during the past fifteen years. That progress has been made mainly at the expense of Great Britain. Our exports to South America in 1913 were under 28 per cent. of that country's total imports; by 1925 they had declined to 21 per cent., and to 20 per cent. in the following year. On the other

hand, the share of the United States during the same period advanced from 16·2 per cent. to 29 per cent. Every effort is being made to extend this trade of the United States still further, and their success or failure will depend largely upon Great Britain's ability to meet the competition set up. American investments in the South American republics are reported to exceed $4,000,000,000. (Incidentally, United States' investments in American-owned European and Asiatic factories exceed $15,000,000,000.) In all the Latin-American countries there are numerous United States consuls continually studying the markets and conveying to the business men at home the latest information in regard to possible extensions of their export trade. The value to the business men of the United States of the work of the Pan-American Union is so well known that it need not be dealt with here.

In the Far East Great Britain has formidable competitors in the United States and Japan. Geographical position and progress in the arts of manufacturing have given to Japan a significant advantage over Great Britain in the Chinese market. For example, the British share of China's imports in 1913 was 16·5 per cent., whereas it was only 9·7 per cent. in 1925, and 10 per cent. in 1926. The Japanese share during the same period rose from 20 per cent. to 29.4 per cent. Perhaps more astonishing is the progress of the United States in the Far Eastern markets of China and Japan. Of the total imports of those two countries the share of the United States was 11 per cent. in 1913, but by 1926 it had increased to 23·2 per cent. Great Britain's share, which was 16·7 in 1913, had declined to 8·4 per cent. in 1926, or a little more than a third of the trade transacted by the United States.

There is no need to extend statistical illustrations of the gains and losses in foreign markets recorded respectively by Great Britain, the United States and Japan. The foregoing are sufficient in themselves to urge upon

British exporters (if foreign trade is destined still to elude them) the necessity for adopting every conceivable measure that carries with it the possibility of developing trade within the Empire.

At the moment Great Britain furnishes about 40 per cent. of the imports of her Empire overseas, while it is questionable if she contributes 12 per cent. to those of foreign countries. If there were indications that British manufacturers would shortly be better equipped to challenge their competitors in foreign markets, we should not be without hope; but the indications point in the opposite direction.

The three southern Dominions, Australia, New Zealand, and South Africa, with a total population under 15,000,000, purchased more British goods in 1927 than did the whole of America, with a population of 207,000,000. In an average year nearly £600,000,000 worth of manufactured goods are purchased by the Dominions and Colonies, of which Great Britain furnishes barely one half. As Great Britain's total exports of manufactured goods to all parts of the world were valued at less than £600,000,000 in 1927, it is apparent that the Empire's total purchasing power in that category is large enough to absorb the bulk of Great Britain's manufactures, assuming that commodities were manufactured to suit the requirements of the Dominions, Colonies, and Dependencies.

Many foreign countries have resolved to expand their industrial production, so that impediments to an entrance into their markets are likely to become more numerous. It must be admitted that Great Britain's chief rivals will be confronted with the same impediments in these younger industrial countries, but the admission does not assist our manufacturers in any way. On the contrary, we may witness stronger efforts on the part of the older manufacturing countries to enter markets under the British flag, or to increase their sales in those already entered. If producers in foreign countries continue to

augment their production it will mean not only a diminishing reliance upon commodities from external sources, but an increasing tendency to develop export trade, thus creating for Great Britain keener competition in certain foreign markets adjacent to the new competitors. It is common knowledge that Italy, for example, is determined to enlarge her industrial plants, and to expand her foreign trade.

A cumbersome word "rationalization" has been chosen to designate the latest suggestions for dealing with production and marketing problems on the Continent, in the United States, and elsewhere. At this early stage it is impossible to say whether world-wide rationalization is practicable or not, but it is certainly full of suggestiveness for Great Britain and the rest of the Empire, even if it can be adopted only to a limited extent. Although circumscribed in scope, some form of it might be easily and profitably agreed upon between manufacturers at home and those in such of the Dominions as have established and are developing industries.

For many years past a modified form of rationalization has been in operation between the manufacturers of the United States and Canada on Canadian territory to the advantage of both countries. Whilst nothing can prevent Canada developing her industries (prevention is neither necessary nor desirable) along her own lines, it should surely be possible for the manufacturers of Great Britain, particularly those who are far more advanced in skill and productiveness, to come to an agreement with Canadian manufacturers whereby each group would concentrate upon the class of manufactures which it is best equipped to produce, so that one should be complementary to the other. An example of this aspect of rationalization is provided by the British motor-car industry and an allied industry in Australia. In the production of chassis suitable for the Australian market, British manufacturers have found it exceedingly advantageous to co-operate, almost to the point of partnership,

with the motor body manufacturers in Australia, who have during the past ten years specialized in that class of work. What has been accomplished by one British industry might surely be accomplished by other industries working in co-operation with similar or allied industries in other Dominions.

Whatever scheme or schemes of rationalization are to be adopted in Great Britain and the Dominions, while it may be necessary for each component part of the Empire to protect its own interests primarily, the ultimate good of the whole British Commonwealth should be the goal kept in view. In some of the Dominions rationalization is much further advanced than it is in Great Britain, especially in regard to orderly marketing. So that any advances made by industrial organisations in the Mother Country will find the business men of the Dominions fully equipped to consider them.

It is anticipated that the practical investigations of the Empire Marketing Board will in due course provide a substantial foundation for a scheme of rationalization as regards the marketing of overseas Empire produce in Great Britain. Exhaustive investigations and Empire-wide discussions are necessary preliminaries to any schemes for the development of inter-Empire trade. If these be carried out they will inevitably lead to the results for which we all long who have the well-being of the Empire at heart. Undoubtedly there exists a fuller Empire consciousness in Great Britain to-day than has been in evidence for generations past, and if all available means are requisitioned for the development of the Empire's resources and the extension of inter-Empire trading, Great Britain need entertain little fear regarding her own economic future and also that of the vast Empire of which she should rightfully constitute the pivot.

To analyse the trade of all countries of the Empire with one another would demand far more space than can be given to it; consequently the following brief

analyses are confined to the larger and more important items of the inter-trading of the United Kingdom, Canada, Australia, New Zealand, and South Africa.

The exports of the United Kingdom to the Dominions, India, and certain Colonies are well worth comparing with exports to some of the larger foreign markets in various parts of the world. Remarkable progress was recorded in our trade with the former, whilst little or no progress was made with the latter from 1913 to 1927. The following statistics illustrate the value of all exports in the said years.

Exports to Dominions, India and Colonies.	1913	1927
	£	£
India	70,273,145	85,044,842
Australia	34,470,452	61,179,266
Canada	23,794,926	29,350,282
New Zealand	10,837,647	19,608,464
South Africa	22,184,729	30,312,361
Straits Settlements and Dependencies	5,836,346	11,404,760
West Indies	2,339,049	4,527,982
Rhodesia	838,873	1,857,462
Newfoundland	880,567	790,357
Federated Malay States	1,338,529	3,274,143
Uganda	54,181	250,153
Nigeria	3,733,877	8,380,761
Channel Islands	1,351,456	3,423,718
Sierra Leone	755,306	855,529
Gold Coast	1,876,940	5,136,705
Mauritius and Dependencies	535,873	832,420
Ceylon and Dependencies	4,185,172	5,875,360
British Guiana	730,464	1,110,014
Falkland Islands	95,383	331,049

By far the larger proportion of the foregoing exports consisted of goods wholly or mainly manufactured. As the United Kingdom is much more interested in exporting manufactured articles, the following tables illustrate

the exports of wholly or mainly manufactured goods to certain parts of the Empire, and to certain foreign countries.

Foreign Countries.	1913 £	1927 £
Belgium	8,451,425	8,574,482
Russia	10,166,293	3,609,474
Germany	27,007,148	28,864,678
Norway	3,740,354	4,870,142
Sweden	4,015,693	6,781,699
Denmark	2,977,776	6,962,344
France	17,425,643	12,027,377
Spain	5,104,138	6,690,078
Italy	6,167,172	5,648,890
Netherlands	11,748,561	15,960,542
China	17,020,072	13,108,557
Japan	14,164,623	14,679,858
U.S.A.	23,048,756	35,803,431
Argentine	18,589,272	23,246,476
Brazil	10,008,234	12,153,526
Mexico	2,079,090	2,072,414
Chili	5,070,642	4,863,203
Peru	1,343,237	1,948,371
Uruguay	2,128,740	2,296,890
Greece	1,822,069	3,739,901
Egypt*	6,528,177	9,552,044

Dominions, India and Colonies.	1913 £	1927 £
British India	66,982,443	79,515,452
Australia	31,256,720	57,376,199
Canada	20,042,966	23,624,880
New Zealand	9,599,552	16,784,733
South Africa	4,457,268	13,013,893
Straits Settlements and Dependencies	5,100,495	8,653,908
West Indies	1,816,448	3,530,662
Rhodesia	700,332	1,606,730

* Includes Egyptian Sudan, 1913.

These statistics need not be reduced to percentage gains and losses, as they demonstrate at a glance not only the greater increases of our trade with parts of the Empire in comparison with foreign countries; they also show clearly that the purchases of a country like Australia, for example, with a population of less than five millions approach in value to Great Britain those of the United States, China and Japan combined, with their teeming millions of people; or of Germany, France, the Netherlands and Russia combined. Confronted with these statistics, there is no other conclusion than that it is along Empire lines that British export trade can most profitably move in the future.

If our exports to the Dominions, India, and the Colonies have advanced enormously since 1913, so have our imports therefrom, as the following table illustrates.

Dominions, India and Colonies.	1913 £	1927 £
Canada	30,488,374	55,151,649
Australia	38,065,250	52,739,869
New Zealand	20,338,057	46,549,306
South Africa	12,301,429	21,323,991
British India	48,420,490	65,840,065
Newfoundland	974,266	2,242,714
West Indies	2,115,929	4,487,835
Channel Islands	1,983,671	3,426,532
Sierra Leone	243,156	660,179
Gold Coast	985,689	3,227,069
Nigeria	3,890,438	7,522,927
Rhodesia	193,842	2,044,067
Uganda	298,113	402,939
Mauritius and Dependencies	293,209	3,741,941
Straits Settlements and Dependencies	15,799,502	16,576,903
Federated Malay States	3,573,644	5,028,994
Ceylon and Dependencies	4,465,806	16,642,857
British Guiana	648,323	825,414
Falkland Islands	427,619	718,160

How far these increased purchases from the foregoing parts of the Empire have assisted our exports thereto it is impossible to state, but there can be no doubt that they have been mutually beneficial, and have enabled the sellers to transact business with the buyer—Great Britain —which, in the absence of that buying, might have been diverted to other channels.

Canada is the second most important manufacturing country of the Empire, and although her exports to the United Kingdom consist mainly of raw materials and semi-manufactured products, her exports to other parts of the Empire consist chiefly of manufactured goods. In regard to her imports, conditions are reversed, her purchases from the United Kingdom being principally manufactured goods, whilst those from other portions of the Empire are largely raw materials and products in a partly manufactured state.

The latest statistics procurable relate to the fiscal year ended March 31st, 1928. In quoting values, Canadian currency is adhered to in the following paragraphs.

Canada's total trade with the United Kingdom was valued at $598,659,000, divided, as to exports and imports, into $412,763,000 and $185,896,000 respectively. The former showed a decrease of 7·9 per cent., and the latter a decrease of 2·2. per cent. compared with the preceding year. As the United Kingdom is pre-eminently a manufacturing country, Canada naturally finds it difficult to compete with the products of our factories in the home market. At the same time, there are certain articles which can be profitably exported, and which will doubtless increase in volume. For example, in 1928, an increase was recorded in the sales of commodities under five main groups—fibres and textiles, wood and paper products, iron and its products, non-ferrous metals, and chemical products, the value of the combined sales being nearly $5,000,000.

Canadian exports to other parts of the Empire were valued at $86,514,376. The markets in order of im-

portance were Australia, Newfoundland, New Zealand and British India. Of the entire export trade, the larger volume was transacted with foreign countries, its value being $728,930,230, against $499,277,376 with Empire countries.

The import trade with Empire countries, though smaller in volume than the export trade, has increased to a greater extent during the past five years. As in the case of exports, the imports from foreign countries are much larger than those from Empire sources. The total imports in the year under review were valued at $1,108,956,466, the merchandise of foreign origin being of the value of $859,869,138, and that of Empire origin $249,087,328. Next to the United Kingdom, the principal Empire sources from which the imported merchandise was drawn were British West Indies, British India, New Zealand, British Guiana, and Australia.

Canada is making a determined effort to increase its export trade, not only with foreign countries, but with every part of the British Empire. Its Commercial Intelligence Service is acknowledged to be a model for other countries. Trade Commissioners are stationed in all important foreign lands. In Great Britain there are four, and one or more in Australia, New Zealand, South Africa, India, the West Indies, Ceylon, and the Irish Free State. Very large sums of money are spent annually on publicity campaigns, including exhibitions, advertising, and " shopping-weeks."

The principal exports of Australia are raw and semi-manufactured products. Statistics later than the fiscal year 1926–27 are not yet available; therefore the following illustrations of the export and import trade relate to that year.

The total value of the exports was £144,895,183, the trade with foreign countries amounting to £80,863,423, and with Empire countries £64,031,760. The principal market was the United Kingdom, £48,351,780, the next

in importance being New Zealand, India, South Africa, and British Malaya. The leading foreign markets were the United States, France and Japan. On the score of Empire trade, Australia's record stands next to New Zealand and South Africa, being 44·19 per cent. of the total exports.

The import trade in the aforementioned year was the largest on record, the total value amounting to £164,716,594. Purchases from Empire countries were valued at £89,955,854, and from foreign countries £74,760,740, or 54·61 per cent. and 45·39 per cent. respectively. It will thus be seen that the percentage of Australia's import trade with Empire countries, like that of her export trade, stands third to that of New Zealand and South Africa. Over 41 per cent. of the imported merchandise came from the United Kingdom, the countries next in importance being India, Canada, New Zealand and Ceylon. The largest foreign source was the United States, from which merchandise valued at £41,394,277 was drawn, or over 55 per cent. of the total foreign imports. In this latter item, motor chassis, bodies, etc., represented £9,159,286; petroleum and shale spirit, £3,599,356; undressed timber, £2,452,640; unmanufactured tobacco, and rubber manufactures, £3,099,511.

Australia is also pursuing an aggressive policy, in the United Kingdom particularly, in order to increase her exports of foodstuffs and certain raw materials. That she is meeting with success is evident from the fact that her exports were over £27,000,000 greater in 1927 than in 1923. At present Trade Commissioners are not numerous, there being only one in the United Kingdom, one in France, one in the United States, and one in Canada. Three years ago there were representatives in Shanghai and Singapore, but the offices are now closed.

New Zealand, although not exporting on so large a scale as Australia, holds the premier position in the

percentage of trade transacted with Empire countries. Of the total exports in 1927, valued at £48,496,354, a little over 88 per cent. was with British countries, 76 per cent. being with the United Kingdom, 7 per cent. with Australia, 3 per cent. with Canada, and the remainder with India, Ceylon, South Africa and Fiji. The main three foreign customers were the United States, Germany and France.

The most important class of exports was food, drink and tobacco, £27,921,062, the next in importance being raw materials and articles mainly unmanufactured, £17,762,194. The export trade of this Dominion has made very commendable progress. In 1927 it was nearly £20,000,000 in excess of that of the year 1918.

The growth of the import trade has been just as satisfactory as that of the export trade, the increase in 1927, in comparison with 1918, being £20,500,000. The proportion of imports from British countries was 68 per cent., the United Kingdom accounting for 48 per cent., Australia for 8 per cent., and Canada 6 per cent. Of the 31·41 per cent. drawn from foreign countries, the United States accounted for 18 per cent., and Germany, France and Japan for less than 2 per cent. each.

New Zealand is essentially a producer of primary products which she exports in exchange for manufactured goods. The character of her exports may change in time, but it would appear that the change will not be marked to any great extent.

The export trade of South Africa in 1927 was only £3,000,000 less than that of New Zealand. Exclusive of gold, its value was £45,719,873. Of this total, 61 per cent. was with Empire countries, the United Kingdom being represented by 52 per cent., and other British Possessions 9 per cent. France, Germany, Belgium, Holland and the United States were the principal foreign markets in the order stated. The largest single item in the above exports was wool, representing £16,365,950, the other items of importance being sheep skins,

£1,801,135; hides, £1,558,688; maize, £1,266,111; and coal, £1,063,200. The total value of all agricultural produce exported was £27,769,379.

In addition to the above exports, there were shipments of gold valued at £28,556,998, and diamonds valued at £12,285,095.

South Africa's imports in the same year were valued at £74,093,836, or £20,000,000 less than the total exports. Purchases from Empire countries were 60 per cent., against 40 per cent. from foreign sources. Nearly 45 per cent. went from the United Kingdom, 3 per cent. from India, 3 per cent. from Canada, 2 per cent. from Australia, and 6 per cent. from various other British countries. From the United States were drawn 16 per cent., and from Germany 6 per cent.

Foodstuffs, metals, metal manufactures, machinery, motor-cars, leather, paper and textiles were the chief items in the imports. Motor-cars were purchased from the United States of the total value of £2,435,724, those from the United Kingdom being valued at only £315,997. There is certainly scope for the improvement of trade with Great Britain in these vehicles. The respective numbers of cars imported were 13,379 and 1,543. The number imported from Canada was 1,065. Chassis and parts imported from the United States were valued at £669,174, against Great Britain's contribution of the value of £96,123, and Canada's £43,592. Some of the commodities in which the United Kingdom had priority were hats and caps, textiles, apparel, galvanized sheets, wire rope, manufactures of tin, wire, machinery, boilers, earthenware, chemicals, footwear, fancy goods and jewellery.

It is too early to estimate the real value of the Irish Free State as an economic unit of the Empire, although it is at present by no means small, as a study of its trade with Great Britain reveals. If the Irish people resolve to work out their destiny under the British flag, there can be no doubt that such a resolution will make their

country a very important Imperial asset. Certainly it would be in the best interests of themselves no less than of the British Commonwealth. Great Britain, by the density of her population, by her proximity to Ireland, and by her need of huge imports of agricultural produce, will always furnish the farmers of the Irish Free State with the best external market that they are likely to procure. While she remains part of the Commonwealth it will be much easier for her to raise capital for agricultural and industrial development than if she pursued an independent course.

It requires very little prevision to forecast the splendid future of the Irish if the goodwill and financial support of Great Britain are retained, and if the agriculturists, in particular, are aided by the State to pursue an agressive policy of production and distributive organization. It should not be impossible for agriculture to become as great and as important an industry as it is in Denmark. The English would be the first to appreciate Irish progress, to purchase their products and, provided that investments carried with them a reasonable guarantee of security, to assist financially in the forward movement.

In closing this chapter on the trend of inter-Empire trade, there is one undeveloped feature which must be mentioned on account of the prospects it holds for the well-being of Great Britain and for certain individual units of the Empire, namely, the establishment of branch factories in the Dominions. In pre-war days the argument for such enterprises was not so strong as it is to-day, because, in the majority of cases, it was cheaper to produce goods in Great Britain and export them to the Dominions. But the enhanced costs of production and the heavy taxation now borne by British manufacturers have placed the question in a new and more favourable light. Under the changed conditions, however, it is not easy to reach a decision. Whatever political asset the policy may hold, it will not avail unless the said policy be in harmony with economic laws. Nevertheless, the

establishment of branch factories, or the erection of independent ones, if it suggests great difficulties, also contains compensating advantages.

Of course, one might write very glibly on the subject, which would do more harm than good. The British manufacturer has to be convinced that it would be more advantageous for him to produce in a particular Dominion than at his home factory, and, what is more important, that the Dominion market would be large enough to compensate him for the financial outlay, anxiety, and labour entailed. At present he appears to be able to compete in Australia, New Zealand, South Africa and India, countries wherein the local industries are neither sufficiently numerous nor powerful enough to constitute formidable competition. In Canada, however, he finds the competition of the home manufacturer and that of the nearby American (not to mention the barrier of tariffs) powerful enough to influence seriously his exports to the Canadian market. It would seem, therefore, that Canada presents the best opportunities. Many British manufacturers have already established branches there, but the number is small in comparison with the 700 branches of the United States firms.

Another aspect of the subject is worthy of consideration. Would it be more economical from Australia, New Zealand, South Africa and Canada, to reach foreign markets in proximity to their shores than it is at present from Great Britain? Changes are taking place in production and distribution, and they will doubtless thus continue, so that no avenue should be left unexplored if it contain a promise of better results for Great Britain than are obtainable under existing methods of manufacturing and world-trading.

CHAPTER VII

EMPIRE PREFERENTIAL TARIFFS

In earlier chapters brief references have been made to preferential tariffs already in operation between various Dominions, and between the Dominions and certain foreign countries which extend to them reciprocal tariff concessions. We may now briefly consider the advantages likely to be derived from an expansion of the system throughout the Empire, particularly by Great Britain, which has been so reluctant to adopt it even in its present limited form.

Perhaps no economic factor has been so little understood in the United Kingdom, or so much misunderstood by the majority of our people as the structure, the purpose and the power of tariffs. It is incontrovertible that when Empire preferential tariffs were widely discussed in 1903, the year in which Chamberlain introduced his proposals, the rank and file of Englishmen had not the least conception of their functions, the principles upon which they are constructed, and their effect upon the economic life of countries imposing them, and upon the countries against which they operate for ill or function for their good.

It has always been difficult to interest the mass of English people in economics, and it has been still more difficult to interest them in tariffs, a very important part of the subject, and one that cannot be ignored if we wish to understand the economic policies of foreign countries and the Dominions. The Tariff Commission did excellent educational work during the years of its existence, but little is being done at the moment to

enlighten the working classes in regard to tariffs and tariff policy in general. Yet there are few more, if any, branches of economics that exercise so marked an influence upon the continuity of employment and the maintenance of a high standard of wages. Undoubtedly Great Britain will be compelled, during the next ten years, to adopt some kind of fiscal arrangement with parts of the Empire in order to replace lost trade with foreign countries and to retain what she now has with the Dominions, or she will be forced to take a lower position in the catalogue of exporting nations. Therefore every possible means should be utilized to educate the working classes along lines which will enable them to understand the effect of the existence or non-existence of tariffs in Great Britain, not only upon our domestic trade, but also upon our trade with the rest of the Empire, and their trade with us.

It is a great pity that the question of inter-Empire preferential tariffs cannot be divorced, in Great Britain particularly, from party politics. Chamberlain certainly introduced it as an economic question primarily, whether in the interests of his own country, or in the interests of the entire Empire. For some inexplicable reason the last few generations of Englishmen have departed from the traditional policy of their race, namely, the maintenance of an equilibrium of interests in the country's varying economic activities which was considered to be productive of the greatest national good. Free-trade and Protection, as such, were unknown to the Englishmen of pre-Cobden days. They were masters of their principles, not servants of them. They were not dominated by theorists; they were practical men, and their actions were dictated and controlled by the paramount idea of the nation's well-being. It is common knowledge that this freedom to adopt practical trading methods suggested by prevailing conditions enabled England to gain a monopoly of the world's markets, and to make her traders the envy of all foreign nations.

It is regrettable, as Prof. Hewins observes in his *Empire Restored*, that preference and other branches of economic policy should be interpreted "as the means of securing the unity of the Empire instead of as an expression of that unity." In the minds of the British people the idea of customs tariffs is associated with international bargaining and the protection of domestic markets. Valuable as Protection might be to Great Britain, that is neither the subject of this chapter nor the principle propounded by the advocates of inter-Empire preferential tariffs. It is not a question of bargaining between the Mother Country and the Dominions, but the adoption of means whereby each component part of the Empire can be developed in the best interests of the whole. Much confusion has existed, and continues to exist, in the minds of Englishmen regarding the difference between Empire preference and national protection by means of customs tariffs. Politicians have taken little trouble to explain this difference to the electorate. The "free-trade" parties have given the term a local interpretation and application, whereas it should apply to the whole British Commonwealth, and be interpreted as a desire of the British peoples, wherever they may be settled, to prefer to trade with one another on better terms than they are disposed to trade with foreign countries.

The longer the subject remains entangled in party-political controversies the more prolonged and difficult will a settlement of it become. Without further delay it should be transferred from the political platform, as such, to the committee room of business men. Cabinets are seldom, if ever, composed wholly of men who have demonstrated their qualifications for conducting large and important businesses. After all, there is no bigger business problem challenging the British people than the organization and conduct of inter-Empire trade on a sound and sane basis. It is an astonishing inconsistency of the Labour Party that it should insist upon protection

of the workers by means of trade unions, encourage the latter to extend practical sympathy to one another in the form of financial assistance, and yet reject a proposal the ultimate effect of which will be the formation of the working classes in all parts of the Empire into one union. The working classes of Great Britain stand to gain most by a system of preferential tariffs, for our Dominions will increasingly provide our best markets for manufactured goods in the future. Any scheme calculated to enhance the demand for British commodities must, of necessity, be advantageous to those engaged in their production.

To students of the trade of the United Kingdom during the past thirty years, the effect of the tariffs of the various Dominions upon British exports to their markets is plainly visible, so that it need not be dealt with here.

In the following paragraphs, though briefly, attention must be drawn to the encouraging growth of British imports from countries within the Empire due to the application of a British preferential tariff.

An outstanding illustration is sugar. Any unbiased opinion must concede that the preference has saved the Empire sugar industry from disaster. From 1920 to 1927 our purchases from Empire producers advanced from 297,423 tons to approximately 600,000 tons. It is true that this amount constitutes only two-fifths of our total imports; nevertheless, it illustrates the possibilities of sugar development within the Empire. Indeed, were Empire-grown raw sugar permitted free entry into Great Britain (which would be a form of preference) experts are convinced that within ten or twelve years we should be entirely independent of supplies from alien sources. Extensive development of cane-growing would speedily take place in countries such as British Guiana, Kenya, Uganda, Natal and Australia; the beet-growing industries of England, Canada, South Africa and Australia would expand, and in a comparatively short period the Empire

would become, as it was originally, the leading supplier of sugar in the world.

A second illustration of the benefit derived from the British preference is afforded by tobacco. It is not an exaggeration to affirm that without the preference the overseas Empire tobacco industry would have been squeezed out of existence by foreign competition. At any rate it would never have assumed its present magnitude. Our imports from Empire countries in 1920 were only 1,500,000 lb., but in 1927 they were over 20,000,000 lb. You cannot thus increase capital and labour in any part or parts of the Empire without enriching both Great Britain and the producing peoples concerned.

If space permitted, illustrations could be multiplied to include dried fruits, our imports of which, from Australia, have grown to so remarkable an extent under the British preference extended to them; wines, motor-car accessories, component parts of cars, musical instruments, wireless apparatus, chemicals, wrapping papers, hollow-ware, artificial silk manufactures, leather gloves, etc. These illustrations form a sufficiently large group to demonstrate that the principle of preference can be put into operation without damaging British home industries. On the contrary, it has tended to enrich the latter by furnishing the Dominions and Colonies with increased wealth wherewith to purchase our manufactured goods.

In twenty-five years the English people have done a certain amount of thinking on the subject, and many of the best brains of the country have been converted, not only from their former adherence to the anomaly of free-trade as it affects our domestic market, but to the necessity, should British customs tariffs be extended, of differentiating between foreign goods and those produced within the Empire. Business men are now grasping the significance, if not the challenge to Great Britain, of the formation of at least two formidable industrial and commercial groups on the Continent of Europe and in

the United States respectively, to which reference is made in another chapter. The mobilization of the industrial resources of Europe will not fail to threaten our connections in all the markets of the world, and it would be unwise to underestimate its effect. The United States will continue to tighten its grip on the American continent, aided by geographical advantage, mass production, wide-spread distributive organizations, and a highly protected domestic market.

These challenges may confer a blessing upon the Empire, inasmuch as they may compel Great Britain to adopt of necessity what she has failed to adopt by reason—a system of preferential tariffs constructed to defend and to unify the economic interests of herself and her Dominions, Colonies and Dependencies.

On their part the Dominions have left nothing undone. Repeatedly they have placed before the British Government the policy which they consider it advisable to pursue in the interests of Imperial economic unity. Their own tariffs are a testimony to their desire to carry out Imperial co-operation in trade. It therefore remains for the Mother Country to take the next step forward.

On the subject of inter-Empire preferential trading there can be no saner or more eloquent expression than the following, delivered at the Albert Hall, on May 3rd, 1911, by the late Lord Balfour:

"In this policy of Preference I see not merely a method by which British capital at home, and British labour at home, can be placed in a better position than they now occupy. I see in it something far greater and not less intimately connected with the real material well-being of this country and this Empire. I see sentiments growing up, sentiments of a common interest between us and our Colonies. I see a solution of the problem I put before you at the beginning of my speech, that new and unique problem which we here and the people of the Dominions are now set by Providence to solve, for I see in it a method, taken in connection with defence, by

which, and by which alone, great communities, independent, self-governing, each with its own separate ideal within the Empire, each carrying out in its own way its individual development and evolution, may yet feel that they are part of one great whole, and that they can present to the world a larger united front which will make it not merely the most peaceful, but the greatest Empire under the sun."

There are arguments against the adoption of inter-Empire tariffs, and no one would wish to dismiss them lightly. One argument is that the erection of tariff barriers might be interpreted as British Imperial aggressiveness, and thus arouse the hostility of foreign nations. The reply to this argument is that no foreign nation could reasonably object to our adoption of a system which it adopted itself so long ago, and continues to maintain as essential to its economic existence. The advocates of Empire preferences have never suggested so suicidal a policy as the inhibition of foreign products, even assuming that it were possible to do so, which it is not. Empire tariffs will fulfil their purpose if they are high enough to protect from unfair external competition the industries that are doing their best to survive in the interests of the country wherein they are located, and at the same time extend some preferential advantage to the other units of the Empire. It would be unwise for Great Britain, as for the Dominions, to erect a tariff barrier too high, as that might so curtail imports as to influence adversely the purchase of goods from us by the foreign countries affected.

Until foreign nations set Great Britain an example by voluntarily reducing their own tariffs, they cannot blame her if she resolves to copy their example, not only for the purpose of strengthening herself and the Empire, but in order that she may possess some effective instrument for bargaining when the said foreign nations realize the rather one-sided character of inter-trading with her. Indeed, it may be that only under a system of inter-

Empire tariffs approximating to those of foreign nations will the Empire be enabled to discuss effectively the question of free-trade between its units, world-wide free-trade, or, failing this, a general reduction of existing tariffs all round.

Under new and increasingly powerful combines of foreign capital, trusts and industrial groups, the Empire will be compelled to protect itself by some means, and a system of preferential tariffs appears to be the only defensive weapon available. Sentiment alone is powerless to withstand the pressure of economic force.

That something should be done quickly to foster inter-Empire trade, everyone is agreed. The disagreement concerns the methods to be adopted. So many interests are dependent upon the continuance of the existing importing and exporting machinery that one can hardly expect those associated with them to favour a change; but if the employment and well-being of the greatest number of our people are at stake, primary consideration should be extended to them. It is to be feared, however, that the whole question, if placed before the people again, would be used as a magnet for attracting votes, with the interests of the country and the Empire occupying a secondary position, as in the past.

In the meantime, therefore, while awaiting the conversion of the electorate, there seems to be nothing else to do but to educate the people and induce them to give overseas Empire products a voluntary preference under existing fiscal conditions, and to persuade the people of the Dominions and Colonies to do likewise with British products.

CHAPTER VIII

MIGRATION AND EMPIRE DEVELOPMENT

In explanation of the diminished desire to migrate to the Dominions and Colonies, it has been stated on platforms, at public functions and in the Press, that the English have lost the spirit of adventure which was a cardinal trait of their ancestors. A few politicians and publicists have attributed the decline of emigration to the influence of the "dole." Whatever the explanation may be, that the spirit of adventure is lost cannot be wholly true of a people who so recently responded to the call of the greatest adventure in the history of their country. The prolonged irresponsiveness must be explained by reference to other causes. In pre-war days it was not the unemployed who emigrated on a large scale. It was the worker who sought larger opportunities in new lands, and wherein higher wages were procurable. The worker in England is much better off now, and on that account is less inclined to break up his home, sever his connection with old friends and old surroundings and start in a new country at wages not immediately larger, comparatively, than those he receives at home. Further, the younger generation have far more leisure and more recreations and pleasures than their fathers had, with the result that they are reluctant to surrender them for a life in lands where they are certainly less prevalent. It must also be borne in mind that there is a scarcity in England and Scotland of the kind of workers principally sought by the Dominions —agricultural labourers—and also an inadequate provision of machinery for the transformation of inexperienced

men into tillers of the soil. This aspect of the subject will be referred to again later.

Quite recently the Industrial Transference Board issued an interesting report on unemployment in Great Britain. Among the remedies suggested for its relief was that of migration to one or other of the Dominions. Suggestions are necessary precursors of action, but if they progress no further than the written page they are valueless. After expressing their regret and astonishment at the disappointingly low rate of the settlement of British people in Canada and Australia, notwithstanding the passing of the Empire Settlement Act, which was for the express purpose of stimulating it, the Board stated: "At successive Imperial Conferences the Dominions and the Mother Country have agreed on the importance of Empire settlement. It remains to put that policy into really effective force. Not only will this bring a direct cumulative gain to the Dominions, it will also go far towards a solution of the special problem confronting us.

"Migration procedure is highly complicated, and formalities are numerous and restrictive. We are satisfied that they constitute a real discouragement to potential settlers. Nothing can be more vital or more urgent than the need for radical simplification of all this.

"Further—to facilitate settlement apart from the Empire Settlement Act—there should be a reduction of the passage rates more nearly to the pre-war level. Something more than this is also needed in the present abnormal conditions here. Even with lower passage rates there are men who would be quite unable to find the money necessary for their ticket, clothes and funds on landing. Such needs ought to be met during the next few years.

"If action on the lines of our report be taken promptly and pressed resolutely, the problem, grave and stubborn though it is, will not be found incapable of solution. But no single line of advance must be ignored. Only by concerted movement, alike within our shores as within the Empire, can the desired objective be attained."

It is obvious that one effective means of diminishing unemployment in Great Britain is provided by migration. Even if a merely self-interested view of the problem be taken, it is sound policy to transfer the workless from areas with a labour surplus to lands wherein work is plentiful, rather than to retain them at home inactive and a burden upon the State. But there is no need to take this self-interested view. The Dominions are calling for settlers, and they are prepared to absorb them in large numbers, realizing that their own populations must be augmented if they are to develop their resources and people their enormous territories with British rather than alien stock.

But while it is true that the Dominions are calling for immigrants, that in their vast territories there are unlimited opportunities and scanty populations, and that it is sane to encourage men to go where those opportunities exist, the emigrant has a right to know where he is going, what he is expected to do, and, what is more important, whether he is able to do the kind of work that will be required of him. You cannot ask a mechanic to migrate unless you can assure him, not only that work awaits him, but that no impediments such as prejudice or trade union regulations will obstruct him when he reaches the factory door. On the other hand, if none but agricultural workers are needed, machinery must be constructed and set in motion for converting the non-agriculturist (assuming that he is willing to take up work on the land) into an agriculturist, which is a conversion far more difficult of accomplishment than it seems.

The distribution of labour throughout the Empire, so that a surfeit in one area or in one country may be transferred to areas or countries wherein labour is scarce, is one of the most pressing problems confronting the Governments and peoples concerned. Its solution calls for the highest order of statesmanship. No Empire Settlement scheme can be successful unless it is carried out on a large and comprehensive scale, and is undertaken by the

concerted action of Great Britain and her Dominions. To continue to spend £100,000,000 a year in connection with unemployment and Poor Law Relief and yet provide only £3,000,000 a year to assist emigration is hardly indicative of high statesmanship. Had the latter amount all been expended on migration schemes, more would have been accomplished; but since the passing of the Empire Settlement Act in 1922, of the authorised expenditure of £21,000,000 less than one-third has been utilized. The unexpended portion of the annual grant reverts to the Treasury.

While it is true that many organizations in Great Britain are doing useful and commendable work in connection with migration, it is doubtful whether the community as a whole realises the importance and necessity of an ordered distribution of labour throughout the Empire. It is useless to complain of depressed trade and irksome taxation and at the same time ignore at least one fruitful avenue of relief. If those burdens remain upon England's shoulders, the responsibility for carrying them will be entirely the nation's own.

It is the country's inability to absorb its youths in industry that is even more alarming than the unemployment of adults. Approximately 300,000 boys leave school every year, and it is impossible to place more than a small percentage of them in satisfactory positions. Unemployment at so early an age is demoralizing, and their non-absorption in industry at a period in their lives when a trade should be learned is a serious loss to the industrial life of the nation. In the absence of an appreciable revival of trade, a comprehensive scheme of migration appears to afford the only avenue of relief. Praiseworthy attempts have been made by some of the Dominions, in co-operation with the British Government, to place some of the youths in agricultural pursuits. In order that the young emigrant may be equipped with some rudimentary practical knowledge of agriculture before proceeding overseas, several training farms have been

established in England. While such preliminary training is commendable, it would be preferable to assign it to the particular Dominion in which the youths elect to settle, as, naturally, agricultural methods therein are different from the English methods. A short training is now being given by the Ontario Government to an annually fixed number of youthful immigrants before they are placed with farmers in the province, and that Government's example, if extended in Canada and adopted in other Dominions, would undoubtedly benefit the promoters of it, and at the same time contribute to the solution of England's problem regarding the employment of its youth.

It is plain that the whole question of migration can be settled only by the combined action of Great Britain and her Dominions. Concerted action should have as its basis continuity of policy. Changes in immigration policy are far too frequent in some of the Dominions, due to change of Government, or to interested political influence. If a permanent Migration Board, independent of politics, were established in Great Britain to co-operate with organizations similarly constituted in the Dominions, there would be a distinct gain to all the countries concerned. The Board in Great Britain should have among its members at least one representative from each Dominion commissioned by the Board of the respective Dominion to act as its representative and adviser. Up to the present time the Dominions have limited their acceptance of immigrants to agricultural workers and domestic servants. To import other kinds of labour officially would involve them in disputes with trade unions probably, and so create political trouble. In all the Dominions there is an increasing tendency to manufacture at home, which means that skilled and unskilled workers could be absorbed in the new and expanding industries. An independent Board would be apprised of the demand for such workers and would be enabled to place men in positions without incurring risks such as

might confront a political party which undertook the task. This would be far more satisfactory to the Dominions than allowing men to enter the country on the offchance of finding the particular work for which they are equipped.

The more one studies the question of Empire settlement, the more one is convinced that a judicious and comprehensive scheme to deal with it immediately is absolutely essential. It would certainly relieve unemployment in Great Britain, and would at the same time provide the Dominions with British stock for which they all express a preference.

The population of England is said to be 482 to the square mile. In Canada it is 2·5; in Australia, 1·8; in New Zealand, 11·7; and in South Africa, 3·2. It is apparent, therefore, that the people of the Empire are far from being evenly distributed. It would be quite impossible to distribute them evenly, of course, but it should be possible to relieve the more densely populated areas to the advantage both of themselves and the sparsely populated Dominions.

Our Dominions purchase enormous quantities of British goods yearly, and an augmentation of their populations would undoubtedly mean increased purchases from us. Mr. Amery has said: "Australia and New Zealand, with 7,000,000 people between them, bought in 1926 British goods, almost all manufactured, to the extent of approximately £11 10*s*. per head. In other words they bought from us more than the 700,000,000 people of Asia (India included), twice as much as France, three times as much as Germany, and six times as much as Italy." Surely it is in the interest of Great Britain to spend liberally on the strengthening of the populations of the Dominions in order to increase their purchasing power and to diminish the drainage of her Treasury by unprofitable doles and poor relief at home.

If some immediate attempt is not made to settle skilled as well as unskilled men in the Dominions, we shall doubtless witness a greatly increased migration of English

mechanics to the United States now that she has consented to admit annually a larger quota of immigrants from Great Britain than the heretofore limit of 34,000. Such valuable industrial material should not be lost to the Empire for the want of foresight and practical encouragement.

Englishmen have not lost their grit. They are merely awaiting a definite and reliable demand for the kind of work that they are fitted to do, and the necessary financial assistance to enable them to take up that work by whichever Dominion it may be offered.

CHAPTER IX

THE NEED FOR EDUCATION

CRITICS of our educational system are numerous enough; no less numerous are the detractors of our business methods. It is always a thankless task to indicate defects, and it is never an easy matter to suggest improvements. Not in a spirit of criticism is the suggestion advanced that a fuller knowledge of the great Empire to which they belong should be imparted to the young people of Great Britain. Demonstrative patriotism is as unnecessary as it is undesirable; nevertheless, boys and girls must be taught loyalty to the Empire, and no effort should be spared to arouse a consciousness of the responsibilities which their heritage imposes upon them. As an abstract idea, that heritage can convey little to their minds; consequently, it must be accompanied by instruction in the evolution of the Empire, its constitution, collectively and individually, its geographical and climatic assets, its magnitude, peoples, products, resources (developed and undeveloped), sea and rail communications, the extent and nature of its industries and trade, and, above all, the advantages to be derived from the consumption of Empire products in preference to those of foreign countries. The immediate effect of such instruction may be negligible, but it could not fail to produce beneficial results when the boys take their places in industry and commerce, and the girls reach the housekeeping age and take charge of the domestic exchequer.

The primary and secondary schools are devoting more attention than formerly to the commercial geography of

the Empire, and it is a pity that all the public schools do not copy their example, especially as the youths trained therein are likely to associate themselves in due course with the management of British industries and commercial houses engaged in export trade, or may seek careers in one of the British Dominions, colonies or possessions.

A practical method of educating our youths along Imperial lines has been adopted to a limited extent in the form of vocational tours of some of the Dominions. That is a highly commendable form of education, and it might be extended either by local educational authorities, the public schools themselves, or with the aid of grants from the British Government and the Government of the Dominion selected for the tour. The School Empire-Tour Committee of the Imperial Institute has set an example of the kind by sending thirty-five public school boys and a staff of three on a tour of New Zealand and round the world. It is understood, of course, that discretion needs to be exercised in the selection of youths for such tours, the choice being dictated by the careers which the candidates may have in view.

The Empire Marketing Board, although heavily burdened at present with a multitude of schemes, might be induced to extend the work of its publicity branch. So far, its propaganda has been more general than specific. Street posters, maps and newspaper advertisements are, by their nature, circumscribed in appeal and in influence. Their purpose is to " boost," not to teach. A number of speakers capable of delivering a course of lectures on the British Empire could do valuable educational work at primary, secondary, and public schools, at young people's clubs, working men's institutes, women's societies, and other organizations similar in character. The Board is already doing something of the kind, but the work is not on a sufficiently large and comprehensive scale.

Such lectures as those suggested would not only spread a fuller knowledge of our Dominions, colonies and

possessions; they would furnish facilities, especially among women, for urging the claims of Empire products in preference to those of foreign origin. If the foodstuffs of the Empire are to be popularised in Great Britain they must be made known to the consumer. It is not in the direct interests of the shopkeeper to press Empire products upon his customers. He is in business to supply the commodities demanded. If he is to stock Empire goods, he can do so profitably only in response to a demand. The education of consumers to differentiate between goods of Empire and foreign origin, and to demand the former, is one of the most urgent needs in the development of Empire trade. It is an arduous task, but if it were undertaken by the Empire Marketing Board, that organization would add to its already invaluable work by further expanding the trade of the Empire in the direction indicated by the Imperial Economic Committee.

Not less important than a fuller knowledge of the Empire by our young people is a closer familiarity with the markets thereof on the part of manufacturers and merchants. Everyone familiar with foreign and colonial markets is cognisant, not only of the intensified competition resulting from the increase of manufacturing plants in almost every country, and the accentuated competition therein, but also the changes in the range and variety of goods in demand. A large number of foreign and colonial buyers have opened offices in Great Britain. That policy has been dictated partly in the interests of economy, but mainly in order that the proprietors may purchase on the spot the particular commodities required in their respective markets. So many British manufacturers have been accustomed to the transacting of their "colonial" trade through merchants, that they never know from personal experience either the changes that are taking place in the nature of the commodities in demand, or the origin, extent, and character of fresh competition. The old-fashioned terms—"Colonial trade," "China trade," etc.—are misleading to-day, inasmuch

as the requirements of most countries have changed too markedly to be embraced by such general terms.

Competition is now so keen that salesmanship is of paramount importance. Towards the end of 1929 the Committee on Education for Salesmanship issued its interim report which, if it contains little information that was not already known to our leading exporters, certainly reveals the need for a wider and fuller education of the young men destined to be our future salesmen.

A good salesman is invaluable, whether he be in the sales room, in the store, or "on the road"; but such an individual should always have his natural ability supplemented and directed by the greater salesman, who is, or ought to be, the person at the head of the export side of any business doing an overseas trade. It is useless to send a representative to any foreign or "colonial" market for the purpose of selling goods, unless he, or the head of the export department, or both, possess a thorough knowledge of that market's requirements and its methods of trading. So frequently, in the past, have travellers been despatched to an overseas market with samples of a firm's manufactures without preliminary investigations having been made, and the firm has experienced sore disappointment when the traveller has returned with few or no orders taken.

The present writer has had over twenty years' intimate connection with Canadian trade and commerce. During that time hundreds of firms were interviewed in Canada and other countries. The outstanding complaints of importers were the unreadiness of British manufacturers to supply the specific commodities required and in the case of such goods as were saleable the absence of stocks upon which the importer could draw quickly instead of being compelled to cable and await the arrival of the goods, a delay which might entail the loss of an order. In the case of articles in demand continuously, American manufacturers carry stocks not only in the main distributive

centres of Canada—Montreal, Toronto, Winnipeg and Vancouver, but in all cities where the volume of trade is large enough to make such a practice remunerative.

A further complaint was the failure of many firms to furnish catalogues and quotations in Canadian currency and weights. The Americans, using the same currency and weights as the Canadians, possess an asset of great value, and until British exporters all round take the trouble to convert their quotations into dollars and cents, the Americans will always have an advantage over them in the Canadian market.

To what extent the foregoing and allied basic trading subjects can be taught young people taking up commercial careers is a question for educational authorities and exporting houses. That there is a limit beyond which the secondary and public schools, and even the universities, cannot pass is admitted, but there cannot be too frequent discussions between business men and educationists in regard to the extent and nature of such knowledge as can be imparted in preparation for the commercial channels through which indispensable practical experience can be gained.

Whatever means are adopted, it is certain that export firms will never hold their own in overseas Empire or foreign countries, still less progress therein, unless they endeavour to know such markets thoroughly by studying their characteristics; by continuously and sympathetically keeping in touch with them, and, by such a policy, demonstrate to their customers that their sole aim is to give satisfaction in every way.

CHAPTER X

THE FUTURE AND ITS POSSIBILITIES

After reviewing the resources of the Empire, the trend of inter-trading therein, the tendencies of modern industrial development, and the direction in which the leading manufacturing and trading countries of the world appear to be moving, one naturally wonders what position the British Empire is destined to occupy in the years to come. Will the various units be compelled to work out their own salvation? Nothing would be more fatal to the unity and continuity of the Empire than a conviction in the Dominions that the Mother Country preferred their pursuing such a course. In spite of the indifference of the British people at home in the past, the Dominions are hopeful that mass opinion in Great Britain will yet change, and empower the legislators to take whatever action is necessary to ensure Imperial economic unity no less real and effective than that which exists between the various units of the United States of America.

Obviously a beginning should be made at the centre of the Empire, first in its own interests, and afterwards in the interests of the whole British Commonwealth. The main problems presenting themselves for solution at home are the organization of industry in such a way that our export trade can be restored, and the development of agriculture on a scale large enough to reduce our huge imports of foodstuffs from foreign countries. In addition to the disparity between our exports and imports as a whole, there is the more absurd and alarming disparity between our external purchases of products of the soil and our capacity for production at home.

In regard to the reorganization of industry, Viscount Rothermere has stated: "There is more out-of-date machinery in the North of England than in any other great industrial district in the world." Further, he has affirmed that "our fiscal system, our industrial organization, and our business outlook are all as archaic as our machinery." Whether we agree with him entirely or not, it is certain that the United States and Germany are already larger exporters than ourselves, and that there must be some reason for our relegation to the third position after leading the world industrially for so many decades.

To what extent reorganization can be carried out is not as apparent as is the necessity for it. It has to be borne in mind that reorganization on a scale commensurate with the need entails an enormous capital outlay, and money is far from plentiful either in industrial concerns, or in the pockets of the investors upon whom industrialists invariably rely when reorganizing, reconstructing, or extending their plants. On the contrary, money is exceedingly scarce, and, what is more alarming, the demands of the State and municipalities are increasing, while the resources from which the demands are drawn are assuredly diminishing. The marvel is, by way of example, not that three hundred cotton mills have closed down in Lancashire since 1920, but that the remainder are able to survive the burdens of their overhead expenses and meet foreign competition at home and overseas.

Reorganization, reconstruction—call it what we will—even if it be undertaken, cannot of itself restore the lost fortunes of British industry. It needs to be accompanied by a diminution of public expenditure on social services and luxurious utilities for a decade at any rate; by safeguarding duties in cases where unfair competition makes reconstruction out of the question; and by agreement among employers and employees to extract from industry the largest output possible.

The question of increasing our output is of vital impor-

tance. Solve it satisfactorily, and the country would move towards recovery. Industrial practice is so far ahead of us in that respect in the United States that no one can be surprised at the progress her export trade has made during the past ten years in particular.

A very astute American friend of Great Britain states in his book on *Britain's Economic Plight*, that "Britain's resources (Empire) are tremendous and incalculable; probably far greater than the British people themselves have the slightest idea. It has the transportation, the manufacturing plant, the credit, the raw materials, the reputation, and apparently everything that goes to make a trading and manufacturing nation pre-eminent in its sphere. But as matters stand to-day, it isn't using the kind of economic intelligence necessary to turn these national resources to the best account. It is the human element that is at fault. . . . The only way to make things better is to wipe the slate clean, kick out the Labour leaders who look to Russia instead of to America for their ideas and inspiration, and set about the all-important job of getting down the cost of goods which England must sell abroad if her people are to keep on eating."

American employers and employees have accomplished far more than the British in the matter of increased production. They have made fuller use of mechanical power and labour, and improved their methods of management and administration with excellent results. According to reliable statistics their manufacturing industries required 13 per cent. less mechanical power in 1924 than in 1913, and 25 per cent. fewer wage-earners, 17 per cent. less management personnel per unit of product, besides decreasing the average hours of work per worker per week by 10 per cent. Moreover, the value added by manufacture per wage-earner increased by nearly 100 per cent., while real wages, in relation to purchasing power, advanced by over 25 per cent. In these facts may be discerned the key to the wonderful expansion of

American export trade, and the ability of that country's manufacturers to beat Great Britain in so many markets.

In 1927, Mr. J. Ellis Barker wrote an informative book on the industrial and commercial progress of the United States—*America's Secret—The Causes of her Economic Success*. It is a brilliant analysis of America's trading equipment, and should be studied by every man desirous of ascertaining our industrial weakness in comparison with American strength. Increased production, in the opinion of Mr. Barker, is Great Britain's one avenue of salvation. The situation is summed up in the following words:

"At present England seems to be drifting towards perdition, not because of her War debt, but because of the evil spirit which has destroyed the unseen foundations of race and nation. Will there be a turn of the tide? By trebling output per worker (one American worker produces about as much as four British workers) England's wealth, income, and power would be trebled, and the burden of her War debt and taxation would automatically be reduced to one-third. High production and a return to those qualities and methods which have made England great in the past will save the situation."

Two or three conflicting forces have been in operation in Great Britain for more than a decade. Whether they are the direct and absolute cause of our inability to compete in foreign markets may be questioned in view of the country's enormously increased financial burdens, but it is beyond refutation that restricted output, curtailed hours of labour, and enhanced wages have synchronized with trade depression, and have undoubtedly contributed to it.

Regarding restriction of output, some manufacturers are as great offenders as their employees. For some time past the manufacturers of cotton goods have been endeavouring to revive their trade by curtailing production, with the inevitable result that the demand has further declined instead of increased. Henry Ford adopts the opposite

policy. He increases his output in order that he may command bigger sales, shorten the working hours of his men, advance their wages, and at the same time augment his own income. It is not over-production at low prices that kills demand, but under-production at high prices. However, that is a phase of the subject not quite within the scope of this book.

Some action must be taken to revive our export trade. If we cannot regain our foreign markets, we can certainly increase our sales to Empire overseas markets by a process of mutual bargaining. The Dominions are prepared to purchase more from us if we are ready to purchase more from them. The same cannot be said of foreign countries. From 1920 to 1922 there was an almost world-wide trade depression, and there were plausible grounds for believing that our industrial distress was but part of the whole. That depression is no longer universal, yet our own persists. By every means at our disposal we have tried to revive our industries, by subsidizing the building trade and coal-mining, by credit facilities, by urging the construction of public utility works, by derating, and by distributing hundreds of millions sterling in unemployment and poor relief. Governments have announced palliative policies, put them into practice, and yet there is no indication that trade will be in any better condition at the end of the present year than it was in 1925. We appear to have reached a state of mentality in which the whole nation is tending to accept the situation as inevitable and permanent.

If there is any practicable alternative to Empire trade development for the restoration of our former commercial supremacy, the authors have not yet announced it. While every other manufacturing country in the world deems it necessary to keep its home market sheltered, Great Britain neither shelters its own, nor the greater market of Empire, which is large enough to absorb more than the whole of our exports of manufactured goods. Further, there is a solidity, continuity, and a

prospective growth of overseas Empire demand contrasting with the uncertainty of our future transactions with foreign countries. The consumption of British goods by the Dominions, *per capita*, is many times greater than that of foreign countries, and as their populations increase, and their resources become more fully utilized, their purchasing power must develop in proportion. While there are always possibilities of wars and civil disturbances in foreign countries, disruptive factors in trade, it is hardly probable that such eventualities will arise in the Dominions. Peace and the development of their economic life are the principles by which the peoples are actuated at present, and are likely to be actuated for many generations to come.

By the adoption of an Empire trade policy based on mutually arranged tariff concessions, we should reduce the number of our unemployed and revitalize our depressed industries. The policy would include the reserving for ourselves of a larger proportion of our home market, and the multiplying of our customers in the overseas parts of the Empire by increasing their purchasing power as the result of our increased purchases from them.

The present situation is favourable to a forward movement towards closer trade relationships. Delay can only intensify any difficulties now preventing freer trade amongst us. The establishment of additional industries in the Dominions is bound to continue unless their peoples, by preferential tariff arrangements, find it more advantageous to import certain commodities from us than to manufacture them. To provide the Dominions with an assured market is the most effective means of inducing them to confer similar favours upon us.

From whatever angle the economic inter-relationships of the Empire are viewed, it has to be admitted that they are defective. There is something which prevents the welding of the component parts into one effective commonwealth for the promotion of the interests of each and the whole. Until the dawn of Empire free trade is visible,

it would appear that mutual tariff preferences constitute the only means of ensuring Empire integration. A common trade policy is the surest foundation for any future policy of united action in world politics. Trade is the life-blood of all sections of the Empire, and the supreme interest of all peoples is to safeguard that which sustains their life. The aspect of unity for defence, however, need not be discussed here. Defence is not always a common interest of Empire, but that trade is, there can be no doubt.

In a preceding chapter we have noted the existence of an Empire trade policy, in embryo, worked out by the Dominions, the growth of which has been retarded by the inactivity of Great Britain. It has grown, and still thrives, but without the effective co-operation of the Mother Country it can never reach the fullness and stature of maturity. In spite of the indifference of Great Britain, the Dominions continue to invite reciprocity by their own example. How much longer those preferences will be extended in the absence of a practical response from us, it is impossible to say, but if delays persist, there is always the possibility of the Dominions concluding trade agreements with foreign countries having something to give in return, thus tending to diminish instead of to increase their purchases from us.

In the initial stages of trade development by inter-Empire preferential tariffs, it might not be possible to select more than a few commodities for reciprocal treatment by Great Britain and Canada; but a beginning of some kind is the important thing. As an illustration of possible benefits to British industries, two items may be cited. Canada imports from the United States annually over 3,000,000 tons of anthracite coal, and only 600,000 tons from Great Britain. A Canadian tariff in our favour would give a tremendous impetus to the Welsh coal trade. That Dominion also imports from across its southern border approximately £70,000,000 worth of iron, steel, and machinery a year, but only £4,000,000 worth from

Great Britain. If the trade in these commodities could be transferred to us, on condition that we made purchases from Canada of corresponding value, our iron, coal, and steel industries would quickly be delivered from their present depressed state.

A mutual exchange of other commodities could also be arranged with Canada as well as with other Dominions. The point is to make a start. This can be done when all the interested parties consent to sit in conference, with a free hand to act.

At the end of 1929 there was issued by a number of leading representatives of British industry a "Manifesto on Imperial Trade Policy." The signatories formed an Empire Economic Union to study the problem and to advocate the policy in Great Britain and throughout the Empire in co-operation with other leaders of industry. The manifesto states: "Having carefully studied the economic and industrial position of world trade, we have come to the conclusion that it is imperative to establish between all parts of the British Empire a policy of closer and more intimate mutual economic co-operation than exists to-day.

"It is not merely that of a total annual import into all Empire countries of £2,200,000,000 only some £900,000,000 comes from the Empire, leaving an enormous margin, most of which could be supplied from Empire sources. It is even more the almost incalculable stimulation to productive power and enterprise in every part of the Empire which would result from a conservation and circulation within the Empire of the creative energy represented by our purchases.

"The need for a prompt and bold decision is being forced upon us. It is not only that our own trade and employment position in Great Britain calls for immediate action. The United States, following a policy of mutual economic co-operation over a vast and rich territory, has built up a position as the dominating power in the economic world.

"In Europe far-seeing men realise that the day of small economic units is passing away, and our former allies and enemies are being rapidly forced to consider some form of closer economic union for a continent. In the coming realignment of world economic forces can the nations of the Empire afford to remain isolated economic units? Will they not be compelled, unless they are to fall behind in the whole progress of world development, either to accept absorption in one of the great neighbouring groups—Great Britain in the European group, the Dominions in the American economic orbit—or else to combine to make the Empire an economic unit?

"We stand unhesitatingly for the Imperial solution. If the ideal of an absolutely free interchange of all Empire products within the Empire is not realisable, at least under the conditions of our day, let us at any rate get as near to it as we can. Let us, by consultation and discussion, by mutual give and take, modify whatever is vexatious and hampering in our various fiscal and trading systems without being essential to our individual economic policies, and ensure that inter-Imperial trade, if not absolutely unchecked, shall at any rate flow as freely and in as full volume as statesmanship and the good-will of our peoples can enable it to flow."

By the study and advocacy of this great and important question, it is hoped that the peoples of Great Britain and other parts of the Empire will be able to form some common policy of economic unity in the near future.

Until such a policy is put into operation, Great Britain must utilize every means at its disposal for the improvement of trade with the overseas Empire and foreign countries under existing conditions. In one direction the Government could be of greater service to our traders, and if it is dealt with at some length, it is because the importance of the subject demands it.

When it was proposed, in 1929, to close the Department of Overseas Trade, business men who had derived

benefit therefrom made strong representations to the Government regretting the proposal, and pressing for the continuance of the department's activities. The politicians who advocated the abolition of the department could not have been familiar with the work of the United States Bureau of Foreign and Domestic Commerce, nor could they have had at heart the interests of British overseas trade, or they would have suggested an expansion rather than a contraction of our machinery for the promotion of trade abroad.

Under Mr. Hoover, after he was appointed Secretary of Commerce, in 1921, the principal agency for the advancement of foreign trade was reorganized and revitalized, his guiding principles being the extension of the commercial attaché and trade commissioner services, and the establishment of close and continuous contact between the Department of Commerce and the factories and business houses in the United States.

The new system of "grouping" within the Bureau of Foreign and Domestic Commerce, which has been productive of such excellent results, took the place of "regional" divisions. The "regional" system consisted in concentration upon the needs of specific geographical sections of the world; the "grouping" system is based on commodities in preference to areas. The divisions of this system represent the interests of the various industries individually rather than collectively, as was formerly the practice. By working in close co-operation with a definite industry, a division is enabled to give far more satisfactory service, as each group of manufacturers of particular commodities knows that it has a "service unit" at the Bureau to which it can apply for any information concerning foreign markets. There are at least sixteen commodity divisions functioning. In addition, nine "technical divisions" are in operation fully equipped to furnish information and to advise on the commercial laws of foreign nations; transportation and communications; Customs duties and import and

export regulations; questions relating to foreign Government loans, investment operations and exchange matters; and reports, statistics, etc., relating to the import and export trade of the United States and all other countries in the world.

A Division of Regional Information is still retained, its duties being the dissemination of general information on economic conditions in all countries with which trade is possible. The reports of the division are based on information received from the American consuls and representatives of the Bureau, and are distributed to such firms as are known to be interested in them.

In 1921, the foreign offices of the Bureau numbered twenty-two; there are now about sixty in existence. The selection of the commercial attachés and trade commissioners is made with great care. They must be trained business men and economists.

Following the example of Canada, the Bureau has recently appointed permanent trade commissioners to specialize in a particular commodity. Each commissioner is given a special line of trade to investigate in a selected territory, and he is expected to collect all available information thereon, and to prepare a report for transmission to all American firms interested in that particular line and market.

To collect all this information would be of little purpose unless it were directed into the appropriate channels, and were speedily and always at the service of American business interests. Throughout the United States there are under the Bureau of Foreign and Domestic Commerce twenty-nine district offices, and forty-nine co-operative offices, the former being directed and maintained by the Bureau, whilst the latter are attached to local chambers of commerce, or boards of trade, which bodies discharge their own expenses, the Bureau furnishing to them, gratis, the same service as is extended to the district offices. It is thus possible for any business firm to 'phone or call for the latest and fullest information

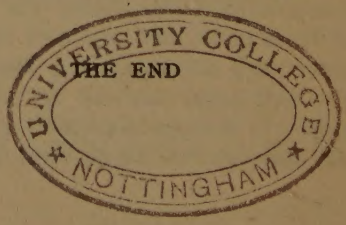
on any branch of foreign trade, or any market, without having to communicate with Washington.

The organization of the United States Bureau of Foreign and Domestic Commerce has been given at some length in order to indicate the efforts put forth by the American Government to assist the country's exporters, and thus extend their foreign trade. That these labours are appreciated and fully utilized is beyond doubt. During 1928, according to the Commercial Intelligence Division, of the 400,000 detailed reports on foreign business houses filed at Washington, 45,600 were furnished, by request, to American exporters. In addition, 13,000 services, consisting of every phase of trading abroad, were performed daily for business men.

Such work on the part of a Government cannot very well be ignored by Great Britain. A live foreign trade service should be of inestimable value to British manufacturers and exporters generally if conducted on a large scale, and kept closely and constantly in touch with them. The British Government should consider the enlargement and not the curtailment of its trade-promotion activities throughout the Empire and in foreign countries.

In conclusion, one can but hope that Great Britain will awake and put on strength. If immediate and full advantage be taken of the natural resources and trading opportunities which the Empire presents, we need not despair. On the contrary, we should witness a resuscitation of industries, and a return to the position we once held as the greatest traders in the world. Instead of the present loose collocation of scattered peoples cemented only by blood and language, the revival would lead us to the realization of an economically and politically united Empire.

THE END



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